



# Q2

Half Year Financial Report January-June 2017

**Good organic growth  
continued, operating  
profit rose to record  
level**

ETTEPLAN Oyj Half Year Financial Report August 10, 2017 at 2:00 pm

## **ETTEPLAN Q2 2017: Good organic growth continued, operating profit rose to record level**

### **Review period April-June 2017**

- The Group's revenue increased by 8.2 per cent and was EUR 54.3 million (4-6/2016: EUR 50.2 million). At comparable exchange rates, revenue increased by 9.0 per cent.
- Organic growth in revenue was 7.8 per cent. At comparable exchange rates, organic growth was 8.6 per cent.
- EBIT from business operations\* improved and amounted to EUR 4.7 (2.9) million, or 8.6 (5.8) per cent of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.2 (1.0) million.
- Operating profit (EBIT) was EUR 4.2 (2.4) million, or 7.8 (4.7) per cent of revenue.
- The profit for the review period was EUR 3.2 (1.8) million.
- Operating cash flow improved and was EUR 5.4 (1.1) million.
- Undiluted earnings per share were EUR 0.12 (0.08).
- Etteplan continued to invest in growth by acquiring companies in Finland and Sweden.
- Etteplan is updating its estimate of market outlook and keeping its financial guidance from May 3, 2017 unchanged.

### **Review period January-June 2017**

- The Group's revenue increased by 22.9 per cent and was EUR 109.1 million (1-6/2016: EUR 88.8 million). At comparable exchange rates, revenue increased by 23.7 per cent.
- Organic growth in revenue was 10.9 per cent. At comparable exchange rates, organic growth was 11.8 per cent.
- EBIT from business operations\* improved and amounted to EUR 9.0 (5.1) million, or 8.2 (5.7) per cent of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.6 (1.2) million.
- Operating profit (EBIT) was EUR 8.0 (4.2) million, or 7.4 (4.8) per cent of revenue.
- The profit for the review period was EUR 6.0 (3.2) million.
- Operating cash flow improved and was EUR 7.3 (-0.5) million.
- Undiluted earnings per share were EUR 0.24 (0.15).
- The number of personnel increased and the Group had 2,731 employees at the end of the review period (2,487).

*\*EBIT from business operations is an alternative performance measure, which reflects the Company's operational performance: it does not include acquisition-related items such as amortization on PPA allocations and earn-out revaluations.*

*Espotel Oy and Soikea Solutions Oy, acquired in spring 2016, are included in Etteplan's figures in the second quarter 2017 in full.*

### **Market outlook 2017**

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. Our business environment is currently developing favorably

in all market areas. The development of the Central European markets is expected to remain unchanged. The favorable situation in the Swedish market is expected to continue. The market situation in Finland has improved and good demand is expected to continue. 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.

### Key figures

(EUR 1,000)	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Revenue	54,314	50,211	109,116	88,814	183,938
EBIT from business operations	4,669 (8.6 %)	2,911 (5.8 %)	8,998 (8.2 %)	5,090 (5.7 %)	12,071 (6.6 %)
Operating profit (EBIT)	4,218 (7.8 %)	2,352 (4.7 %)	8,045 (7.4 %)	4,248 (4.8 %)	10,131 (5.5 %)
Basic earnings per share, EUR	0.12	0.08	0.24	0.15	0.33
Equity ratio, %	40.1	38.1	40.1	38.1	40.0
Operating cash flow	5,400	1,148	7,305	-533	5,661
ROCE, %	19.3	13.9	18.6	12.8	14.8
Personnel at end of the period	2,731	2,487	2,731	2,487	2,545

### President and CEO Juha Näkki:

Our business developed well in the second quarter, as it did in the first quarter. The market situation in Finland improved during the review period and the good situation in our other market areas continued. We were able to leverage our service offering and strong market position. Our revenue for the second quarter increased by 9.0 per cent year-on-year at comparable exchange rates, in spite of the quarter being shorter than the comparison period. The majority of the growth was organic. Our determined strategy execution enabled us to further improve our profitability and increase our operating profit to a record level. The measures implemented in previous quarters to improve cash flow also produced good results and cash flow was at record levels for the second quarter.

In the Engineering services service area, demand for machinery and equipment engineering improved particularly in Finland and some new plant engineering investment projects started. Supported by our service solutions, the service area's business developed favorably and we achieved a clear improvement in our result. We also invested in future growth by strengthening our engineering expertise in the shipbuilding industry and steel structure engineering by acquiring SDS Aura Oy in Finland.

Our business saw stable development in the Embedded systems and IoT service area. Revenue grew in line with our expectations, but profitability was slightly burdened by investments in organic growth made in the first quarter as well as excess hours in certain projects. Nevertheless, the service area's demand is at an excellent level, which provides us with good growth opportunities going forward.

In Technical documentation, the development of our business was again excellent. Our outsourcing solutions, in particular, provided a stable foundation for growth and the positive development of our business. We also expanded our operations in Sweden by acquiring Sorona Innovation AB. Sorona complements our service offering particularly in structured documentation and strengthens our position in Southern Sweden.

I am satisfied with our development in the first half of the year. We were winning on many fronts and carried out investments that support our growth. After the end of the review period, we acquired full ownership of our Chinese joint venture. The acquisition supports our progress in China, a market that has very high potential.

Although visibility in our main markets remains low, the uncertainty has decreased and we enter the second half of the year with confidence.

### **Operating environment**

Etteplan's business is affected by global megatrends as well as industry-specific developments. The Internet of Things, digitalization, requirements concerning environmentally friendly products and shorter product life cycles are creating a need for intelligent and efficient engineering solutions in all industrial sectors. Companies continue to direct their investments to these areas, which creates opportunities for operators in the engineering industry. The continued trend of service outsourcing had a positive effect on the industry's development. The trend of centralizing service purchasing continued, presenting growth opportunities for global engineering companies.

The most important factor in Etteplan's development is the global development of the machinery and metal industry. Our operating environment developed favorably and the market situation was good in all of our market areas. While uncertainty decreased, the second quarter nevertheless continued to be characterized by unpredictable changes in Etteplan's main markets and various customer industries.

There were no significant changes in the demand for our services by industry in the second quarter of the year, but customer-specific differences were substantial. Activity in the mining industry has increased. Demand in the paper industry remained strong. Demand among lifting and hoisting equipment manufacturers remained at a good level on average. Demand in the energy and power transmission industry continued at a relatively good level. Demand among forest industry equipment manufacturers remained at a good level. Demand from aerospace and defense equipment manufacturers was at a good level. In the transportation and vehicle industry, good demand for testing and analysis services requiring special expertise continued. Demand in the ICT industry was at a good level.

The demand for plant engineering picked up in all industries, particularly in the form of maintenance investments. Demand for embedded systems and industrial internet solutions remained good in all customer industries.

There were differences in market development between Etteplan's main markets. Competition for employees and the lower availability of specialized experts in certain areas due to the good market situation affected the development of the sector as a whole in all market areas.

In Finland, the total revenue of the technology industry grew slightly in 2016 and continues to remain on a rising trend. In April-June 2017, the value of new orders received by companies in the technology industry was up 25 per cent compared to January-March 2017, and 47 per cent compared to the corresponding period last year. The number of requests for tenders increased further. The number of orders received by Etteplan's central customer base in April-June was at the same level, on average, as in the first quarter of the year. In Finland, the demand for engineering services was at a slightly weaker level than in the rest of Europe.

In Sweden, market demand remained at a very good level. In Germany, the Netherlands and Poland, the demand for engineering services remained at a good level.

Market uncertainty has decreased in China and demand remained at a good level. Demand was high particularly in automated production systems and robotics. The opening up of the service market continued to present growth opportunities for operators in the engineering industry.

## Revenue

Etteplan's revenue increased by 8.2 per cent in April-June and was EUR 54.3 million (4-6/2016: EUR 50.2 million). Revenue increased by 9.0 per cent at comparable exchange rates. Organic growth was 7.8 per cent. At comparable exchange rates, organic growth was 8.6 per cent.

In January-June, revenue increased by 22.9 per cent and was EUR 109.1 million (1-6/2016: EUR 88.8 million). Revenue increased by 23.7 per cent at comparable exchange rates. Organic growth was 10.9 per cent. At comparable exchange rates, organic growth was 11.8 per cent.

The number of working days in the second quarter was lower than in the comparison period due to the Easter holidays falling in the second quarter in 2017 and the first quarter in 2016. Nevertheless, Etteplan's good organic growth continued in the second quarter thanks to Etteplan's good service offering and strong market position. The growth was supported by the improved market situation.

Etteplan's business is subject to periodic fluctuation. The periodic fluctuations are affected by holiday seasons and the timing of product development and investment projects in customer companies mainly in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

## Result

EBIT from business operations improved in April-June by 60.4 per cent and was EUR 4.7 million (4-6/2016: EUR 2.9 million), or 8.6 (5.8) per cent of revenue. Exceptional items had a combined negative effect of EUR 0.2 million (EUR 1.0 million) on EBIT from business operations.

In January-June, EBIT from business operations improved by 76.8 per cent and was EUR 9.0 million (1-6/2016: EUR 5.1 million), or 8.2 (5.7) per cent of revenue. Exceptional items had a combined negative effect of EUR 0.6 million (EUR 1.2 million) on EBIT from business operations. Operational costs increased by 19.3 (30.5) per cent.

The improved demand situation and the growth in the share of Managed Services enhanced Etteplan's capacity management and improved profitability.

EBIT from business operations is an alternative performance measure, which reflects the Company's operational performance: it does not include acquisition-related items such as amortization on PPA allocations and earn-out revaluations.

In April-June, operating profit (EBIT) improved by 79.3 per cent and was EUR 4.2 million (4-6/2016: EUR 2.4 million), or 7.8 (4.7) per cent of revenue. In January-June, operating profit (EBIT) improved by 89.4 per cent and was EUR 8.0 million (1-6/2016: EUR 4.3 million), or 7.4 (4.8) per cent of revenue.

In January-June, financial expenses amounted to EUR 0.6 million (1-6/2016: EUR 0.8 million).

Profit before taxes for January-June was EUR 7.7 million (1-6/2016: EUR 3.9 million). Taxes in the income statement amounted to 21.8 (16.6) per cent of the result before taxes. The amount of taxes was EUR 1.7 million (EUR 0.6 million).

The profit for January-June was EUR 6.0 million (1-6/2016: EUR 3.2 million).

In January-June, undiluted earnings per share were EUR 0.24 (1-6/2016: EUR 0.15). Equity per share was EUR 2.20 (June 30, 2016: EUR 1.99). Return on capital employed (ROCE) before taxes was 18.6 (12.8) per cent.

### **Financial position and cash flow**

The Group's cash and cash equivalents stood at EUR 4.3 million at the end of June (June 30, 2016: EUR 5.9 million). The Group's interest-bearing debt amounted to EUR 35.9 million (EUR 38.6 million). The total of unused short-term credit facilities stood at EUR 4.7 million (EUR 6.1 million).

Operating cash flow improved significantly and was EUR 5.4 million in April-June (4-6/2016: EUR 1.1 million) and EUR 7.3 million in January-June (1-6/2016: EUR -0.5 million). In January-June cash flow after investments was EUR 3.6 million (1-6/2016: EUR -22.5 million). Cash flow improved due to the optimization of working capital and a better distribution of customers' payment terms, particularly in the companies acquired in 2016. Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Total assets on June 30, 2017 were EUR 138.6 million (June 30, 2016: EUR 129.9 million). Goodwill on the balance sheet was EUR 59.5 million (EUR 57.9 million).

At the end of June, the equity ratio was 40.1 per cent (June 30, 2016: 38.1 per cent).

### **Capital expenditures**

The Group's gross investments in January-June were EUR 5.5 million (1-6/2016: EUR 28.0 million). The gross investments mainly consisted of acquisitions, growth-related equipment purchases and license fees for engineering software.

### **Personnel**

The average number of personnel increased by 14.9 per cent compared to the corresponding period in the previous year. The Group employed 2,638 (1-6/2016: 2,295) people on average and 2,731 people at the end of June (June 30, 2016: 2,487). At the end of June, 934 people were employed by the Group outside of Finland (June 30, 2016: 822). A total of 15 employees were temporarily laid off at the end of June.

### **Business review**

The significant acquisitions carried out in 2016 and the success of the outsourcing business strengthen Etteplan's market position and support the Company's growth. The demand for Managed Services and digitalization-related services remained at a good level.

As in the first quarter, the general market demand developed favorably and showed a clear improvement compared to the corresponding period last year. The number of new product development and equipment engineering projects was higher than before. Some new plant engineering investments were started.

The number of working days in the second quarter was lower than in the comparison period due to the Easter holidays falling in the second quarter in 2017 and the first quarter in 2016. Nevertheless, Etteplan's good organic growth continued in the second quarter.

The market situation in Finland has improved. The lower availability of specialized experts in certain areas affected the development of our business to some extent.

In Sweden, Etteplan's market position has strengthened and we won several significant orders. The general market demand also remained at a good level. Attrition and the competition for experts continued to burden the business in Sweden. Demand has developed favorably in the Netherlands and Germany. In Poland, the demand situation remained good and the business developed favorably.

Boosted by the better market situation and the opening up of the service markets, the number of hours sold in the Chinese market increased by 45.0 per cent in April-June and 55.5 per cent in January-June.

Key accounts grew by 23.4 per cent in January-June compared to the previous year, thanks to the improved general market situation and Etteplan's comprehensive service offering.

Etteplan's target is to achieve a share of 65 per cent of revenue for Managed Services (Managed Services Index, MSI) by 2019. The share of revenue represented by Managed Services was 57 per cent in January-June (1-6/2016: 50 per cent). The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability.

The demand for our digitalization-related services continued to develop very well. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the Company.

## Engineering services

Engineering services refer to the innovation, engineering, and technical calculations of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically product development projects for a new product, plant engineering projects or Engineering-to-Order projects, involving the customization of the product in accordance with end customer requirements and the market area's legislation.

(EUR 1,000)	4-6/2017	4-6/2016	Change to prev. year	1-6/2017	1-6/2016	Change to prev. year	1-12/2016*
Revenue	30,790	29,687	3.7 %	61,850	59,658	3.7 %	112,823
EBIT from business operations	2,691	1,910	40.9 %	5,033	3,294	52.8 %	6,493
EBIT from business operations, %	8.7	6.4		8.1	5.5		5.8
Managed Services index	53	49		53	49		49

\*Embedded systems and IoT was included in Engineering services in Q1 2016.

*The Embedded systems competence area, which was previously part of the Engineering services service area, was transferred to the Embedded systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded systems competence area is included in the Engineering services service area's comparison figures for the first quarter of 2016.*

Engineering services accounted for 57 per cent of Etteplan's revenue in April-June (4-6/2016: 59 per cent). In January-June, the corresponding figure was also 57 per cent (1-6/2016: 67 per cent).

The service area's revenue in April-June grew by 3.7 per cent, amounting to EUR 30.8 million (4-6/2016: EUR 29.7 million). In January-June, revenue increased by 3.7 per cent, amounting to

EUR 61.9 million (1-6/2016: EUR 59.7 million). Revenue development was affected by the Embedded systems competence area being transferred to the Embedded systems and IoT service area in the second quarter of 2016.

Outsourcing agreements signed in 2016 improved revenue growth. The number of new product development and equipment engineering projects was higher than before. New plant engineering investments were started to some extent. Demand in the mining industry remained better than before.

In Engineering services, EBIT from business operations in April-June was EUR 2.7 million (4-6/2016: EUR 1.9 million), or 8.7 (6.4) per cent of revenue. In January-June, EBIT from business operations was EUR 5.0 million (1-6/2016: EUR 3.3 million), or 8.1 (5.5) per cent of revenue. The profitability indicators were affected by the Embedded systems competence area being transferred to the Embedded systems and IoT service area in the second quarter of 2016. Growth in the share of Managed Services and the good utilization rate improved profitability.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, rose to 53 per cent in April-June (4-6/2016: 49 per cent). In January-June, their share was 53 per cent (1-6/2016: 49 per cent). The utilization rate of engineering services was generally at a good level in January-June 2017.

In China, Etteplan began cooperation with TROX Air Conditioning Components (Suzhou) Co., Ltd and Neusoft Medical Systems Co., Ltd., among others.

Etteplan strengthened its engineering expertise by acquiring SDS Aura Oy, a Finnish company that specializes in shipbuilding strength calculations and steel structure engineering. SDS Aura's personnel, a total of 16 people, were transferred to Etteplan as existing employees.

## Embedded systems and IoT

Embedded systems and IoT refer to product development services and technology solutions that allow the controlling of machines and equipment and enable their digital connectivity as part of the Internet of Things. A common challenge faced by our customer is often the need to develop a service based on a new business model that takes advantage of the opportunities presented by digitalization.

(EUR 1,000)	4-6/2017	4-6/2016	Change to prev. year	1-6/2017	1-6/2016	Change to prev. year	1-12/2016*
Revenue	13,232	11,653	13.5 %	26,786	11,653	129.9 %	35,400
EBIT from business operations	1,169	1,224	-4.5 %	2,500	1,224	104.2 %	3,956
EBIT from business operations, %	8.8	10.5		9.3	10.5		11.2
Managed Services index	55	49		55	49		54

\*Embedded systems and IoT was included in Engineering services in Q1 2016.

*Etteplan acquired Espotel Oy and Soikea Solutions Oy in April 2016 and expanded its business operations in Embedded systems and into the Internet of Things (IoT). Embedded systems and IoT is Etteplan's third service area and the Company began reporting on it in the half year financial report for 2016. The acquired companies are included in Etteplan's figures starting from April 1, 2016.*

*The Embedded systems competence area, which was previously part of the Engineering services service area, was transferred to the Embedded systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11*



million in 2015 and the competence area employed a total of approximately 130 people. The Embedded systems competence area is included in the Engineering services service area's comparison figures for the first quarter of 2016.

The share of Etteplan's revenue represented by Embedded systems and IoT was 24 (4-6/2016: 23) per cent in April-June and also 24 (1-6/2016: 13) per cent in January-June. The service area's revenue in April-June grew by 13.5 per cent, amounting to EUR 13.2 million (4-6/2016: EUR 11.7 million). In January-June, the rate of growth was 129.9 per cent and revenue amounted to EUR 26.8 million (1-6/2016: EUR 11.7 million). The service area's demand situation remained very good in all market areas. The lower availability of specialized experts in certain areas affected the development of revenue to some extent.

In Embedded systems and IoT, EBIT from business operations in April-June was EUR 1.2 million (4-6/2016: EUR 1.2 million), or 8.8 (10.5) per cent of revenue. In January-June, EBIT from business operations was EUR 2.5 million (EUR 1.2 million), or 9.3 (10.5) per cent of revenue. Profitability was burdened to some extent by investments in organic growth made in the first quarter as well as excess hours in certain projects.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 55 (49) per cent of the service area's revenue in April-June. In January-June, their share was 55 (1-6/2016: 49 per cent). The utilization rate of the Embedded systems and IoT service area was at a good level in the second quarter.

## Technical documentation

Technical documentation refers to the documentation of a product's technical attributes, such as manuals and service instructions for the users of a product, as well as related content management and distribution in print or digital form. For an industrial customer, technical documentation is typically a non-core operation that has a significant impact on the efficiency of the end customer's maintenance service operations.

(EUR 1,000)	4-6/2017	4-6/2016	Change to prev. year	1-6/2017	1-6/2016	Change to prev. year	1-12/2016
Revenue	10,268	8,867	15.8 %	20,391	17,493	16.6 %	35,714
EBIT from business operations	972	550	76.7 %	1,774	1,224	45.0 %	2,838
EBIT from business operations, %	9.5	6.2		8.7	7.0		7.9
Managed Services index	78	71		77	69		70

The share of Etteplan's revenue represented by Technical documentation in April-June was 19 (4-6/2016: 18) per cent. In January-June, the share was 19 per cent (1-6/2016: 20 per cent).

The service area's revenue in April-June grew by 15.8 per cent, amounting to EUR 10.3 million (4-6/2016: EUR 8.9 million). In January-June, the rate of growth was 16.6 per cent and revenue amounted to EUR 20.4 million (1-6/2016: EUR 17.5 million). The service area's good development was again characterized by strong organic growth and the success of the outsourcing business.

In Technical documentation, EBIT from business operations in April-June was EUR 1.0 million (4-6/2016: EUR 0.6 million), or 9.5 per cent (6.2 per cent) of revenue. In January-June, EBIT from business operations was EUR 1.8 million (1-6/2016: EUR 1.2 million), or 8.7 (7.0) per cent of revenue.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, grew to 78 (4-6/2016: 71) per cent of the service area's revenue in April-June. In

January-June, the share was 77 per cent (1-6/2016: 69 per cent) of revenue. The utilization rate of Technical documentation was generally at a good level in the second quarter of 2017.

Etteplan expanded its operations in Sweden and acquired Sorona Innovation AB, which specializes in technical documentation solutions. In the transaction, Sorona Innovation's personnel, 9 people in total, were transferred to Etteplan as existing employees.

Etteplan and CoolStuff AB signed a cooperation agreement that makes Etteplan CoolStuff AB's strategic partner for technical documentation in Sweden.

## **GOVERNANCE**

### **Annual General Meeting**

The Annual General Meeting of Shareholders of Etteplan Oyj (the "Company") was held on April 4, 2017, at the premises of the Company in Vantaa.

The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2016.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting resolved that the Board of Directors shall consist of six members. In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected **Patrick von Essen, Matti Huttunen, Robert Ingman, and Leena Saarinen** as members of the Board of Directors. The Annual General Meeting further elected **Cristina Andersson** and **Mikko Tepponen** as new members of the Board of Directors.

KPMG Oy Ab, Authorized Public Accountants, with Authorized Public Accountant **Ari Eskelinen** as the main responsible auditor and Certified Auditor **Olli Wesamaa**, were elected as the Company's auditors. The auditors' fees were resolved to be paid according to invoices approved by the Company.

### **Board authorizations**

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of the Company's own shares in one or more tranches using the Company's unrestricted equity. A maximum of 2,000,000 shares in the Company may be repurchased. The Company may deviate from the obligation to repurchase shares in proportion to the shareholders' current holdings, i.e., the Board has the right to decide on a directed repurchase of the Company's own shares.

The authorization includes the right for the Board to resolve on the repurchase of the Company's own shares through a tender offer made to all shareholders on equal terms and conditions and at the price determined by the Board, or in public trading organized by the Nasdaq Helsinki Ltd at the market price valid at any given time, so that the Company's total holding of own shares does not exceed ten (10) per cent of all the shares in the Company. The minimum price for the shares to be repurchased is the lowest market price quoted for the shares in the Company in public trading and, correspondingly, the maximum price is the highest market price quoted for the shares in the Company in public trading during the validity of the authorization.

Should the shares in the Company be repurchased in public trading, such shares will not be purchased in proportion to the shareholders' current holdings. In that case, there must be a weighty financial reason for the Company to repurchase its own shares. The shares may be repurchased in order to be used as consideration in potential acquisitions or in other structural arrangements.

The shares may also be used for carrying out the Company's incentive schemes for its personnel. The repurchased shares may be retained by the Company, invalidated or transferred further.

The repurchase of the Company's own shares will reduce the non-restricted equity of the Company.

The authorization is valid for 18 months from the date of the resolution of the Annual General Meeting starting on April 4, 2017 and ending on October 4, 2018. The authorization replaces the corresponding previous authorization.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of a maximum of 2,500,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Finnish Companies Act in one or more issues. The authorization includes a right to issue new shares or assign the Company's own shares held by the Company.

The authorization includes the right to deviate from the existing shareholders' pre-emptive subscription right as set forth in Chapter 9, Article 3 of the Companies Act. Therefore, the Board of Directors has the right to direct the share issue, or issuance of the option rights or other special rights conferring entitlement to shares. The authorization also includes the right to decide on all the terms of share issue, option rights or other special rights conferring entitlement to shares. The authorization therefore includes the right to determine share subscription prices, persons entitled to subscribe the shares and other terms and conditions applicable to the subscription. In order to deviate from the shareholders' pre-emptive subscription right, the Company must have a weighty financial reason such as financing of a company acquisition, other arrangement in connection with the development of the Company's business or equity or an incentive scheme to the personnel. In connection with the share issuance, the Board of Directors is entitled to decide that the shares may be subscribed against contribution in kind or otherwise under special terms and conditions. The authorization includes the right to determine whether the subscription price will be entered into the share capital or into the reserve of invested unrestricted equity.

The authorization is valid for two (2) years from the date of the resolution of the Annual General Meeting, starting on April 4, 2017 and ending on April 4, 2019.

## **Dividend**

The Annual General Meeting on April 4, 2017 resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.16 per share for the financial year 2016. The remaining funds were to be left in unrestricted equity. The dividend was paid to the shareholders registered on the record date, April 6, 2017, in the shareholders' register maintained by Euroclear Finland Ltd. The dividend was paid on April 13, 2017.

## **Shares**

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Small Cap market capitalization group in the Industrials sector under the ETTE ticker. Etteplan changed its ticker in February 2017. The old ticker was ETT1V.

The Company's share capital on June 30, 2017 was EUR 5,000,000.00, and the total number of shares was 24,771,492. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

The number of Etteplan Oyj shares traded in January-June was 1,124,344 (1-6/2016: 624,377) for a total value of EUR 7.8 million (EUR 2.8 million). The share price low was EUR 5.56, the high EUR 9.49, the average EUR 6.93 and the closing price EUR 9.11. Market capitalization on June 30, 2017, was EUR 225.3 million (EUR 110.9 million).

### **Treasury shares**

On April 28, 2017, the Company transferred a total of 169,939 treasury shares to the Company's key personnel in accordance with the terms of the incentive plan established in 2014.

On June 21, 2017, the Board of Directors of Etteplan Oyj decided to initiate a share repurchase program of own shares. The repurchased shares are used to fulfil obligations pertaining to the Company's share-based incentive plan for the Group's key personnel and they will be purchased in public trading on Nasdaq Helsinki Ltd at the market price quoted at the time of the repurchase. The repurchasing of shares began on June 26, 2017, and it will end on September 30, 2017, at the latest. The number of repurchased shares will not exceed 30,000 shares and the corresponding number of voting rights, which corresponds to approximately 0.12 per cent of the current total number of Etteplan's shares. A maximum sum of EUR 285,000 can be spent on the repurchase program.

On June 30, 2017, the Company held 45,289 (June 30, 2016: 138,192) of its own shares, which corresponds to 0.18 per cent of all shares and voting rights (June 30, 2016: 0.56 per cent).

### **Incentive plan for key personnel**

In order to advance the achievement of Etteplan's long-term growth and other targets, the Board of Directors of Etteplan Oyj resolved on May 31, 2017, to establish a new share-based incentive plan for the Group's key personnel. The aim of the incentive plan is to combine the objectives of the shareholders and the key personnel in order to increase the value of the Company, to commit the key personnel to the Company, and to offer them a competitive reward plan based on holding the Company's shares. The incentive plan includes one earning period, comprising the calendar years 2017-2019. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel. Approximately 20 people belong to the target group of the incentive plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 260,000 Etteplan Oyj shares (including also the proportion to be paid in cash). The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market, and therefore the incentive plan will have no diluting effect on the value of the share.

### **Flaggings**

Etteplan Oyj received no flagging notices in January-June 2017.

### **Termination of liquidity providing agreement**

S-Pankki Oy has terminated the liquidity providing (LP) agreement with Etteplan. The agreement and liquidity providing in accordance with the agreement ended on May 31, 2017. Etteplan is not planning to sign a new liquidity providing (LP) agreement.

### **Events after the review period**

Etteplan strengthened its position in China and acquired from Vataple Group full ownership of Etteplan Vataple Technology Centre, Ltd, which has previously operated as a joint venture. The 30 per cent stake being acquired will be paid for by 35,000 Etteplan shares and partly in cash. The shares will be handed over to the seller once the acquisition is registered in China, approximately in September 2017.

### **Operating risks and uncertainty factors**

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainty caused by the general economic development continues to be a risk for Etteplan's business. The uncertainty in the global economy poses a risk to Etteplan's business. The possibility of changes in customers' business operations is a significant risk to Etteplan's operations.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. The increased difficulties in recruiting professional staff, particularly in certain expert disciplines, continued to present a business risk.

The uncertainty caused by the general economic development continued in the second quarter of 2017. Risks related to business operations are still at a significant level, but they are not estimated to grow. Etteplan's risk management review was published on pages 80-83 of the Financial Review 2016.

### **Market outlook 2017**

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. Our business environment is currently developing favorably in all market areas. The development of the Central European markets is expected to remain unchanged. The favorable situation in the Swedish market is expected to continue. The market situation in Finland has improved and the positive development is expected to continue. 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.

### **Financial information in 2017**

Interim report 1-9/2017    Wednesday, October 25, 2017

Vantaa, August 10, 2017

Etteplan Oyj  
Board of Directors

Additional information: Juha Näkki, President and CEO, tel. +358 400 606 372

Outi Torniainen, SVP, Communications and Marketing, tel. +358 40 512 1375

APPENDICES:

Financial Statement Summary and Notes

Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity

Notes to the Financial Statement Summary

The information presented herein has not been audited.

Releases and other corporate information are available on Etteplan's website at [www.etteplan.com](http://www.etteplan.com).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>(EUR 1,000)</b>	<b>4-6/2017</b>	<b>4-6/2016</b>	<b>1-6/2017</b>	<b>1-6/2016</b>	<b>1-12/2016</b>
<b>Revenue</b>	<b>54,314</b>	<b>50,211</b>	<b>109,116</b>	<b>88,814</b>	<b>183,938</b>
Other operating income	80	47	133	302	517
Materials and services	-5,112	-3,410	-9,711	-5,291	-13,893
Staff costs	-36,463	-35,718	-74,630	-64,590	-129,172
Other operating expenses	-7,293	-7,434	-14,212	-12,727	-26,440
Depreciation and amortization	-1,309	-1,343	-2,651	-2,260	-4,818
<b>Operating profit (EBIT)</b>	<b>4,218</b>	<b>2,352</b>	<b>8,045</b>	<b>4,248</b>	<b>10,131</b>
Financial income	61	185	229	430	555
Financial expenses	-164	-483	-550	-801	-1,245
Profit before taxes	4,115	2,055	7,725	3,877	9,441
Income taxes	-942	-304	-1,684	-642	-1,838
<b>Profit for the financial year</b>	<b>3,173</b>	<b>1,750</b>	<b>6,041</b>	<b>3,235</b>	<b>7,604</b>
<b>Other comprehensive income, that may be subsequently reclassified to profit or loss</b>					
Foreign subsidiary net investment hedge	0	26	0	34	82
Currency translation differences	-359	-653	-234	-782	-1,157
Change in fair value of investments available-for-sale	6	-4	12	-6	-6
Other comprehensive income, net of tax	-353	-630	-222	-754	-1,080
<b>Total comprehensive income for the year</b>	<b>2,820</b>	<b>1,120</b>	<b>5,819</b>	<b>2,480</b>	<b>6,524</b>
<b>Income attributable to</b>					
Equity holders of the parent company	3,090	1,696	5,941	3,167	7,436
Non-controlling interest	83	54	100	68	168
	3,173	1,750	6,041	3,235	7,604
<b>Total comprehensive income attributable to</b>					
Equity holders of the parent company	2,748	1,067	5,731	2,413	6,356
Non-controlling interest	71	53	88	67	168
	2,820	1,120	5,819	2,480	6,524
<b>Earnings per share calculated from the result attributable to equity holders of the parent company</b>					
Basic earnings per share, EUR	0.12	0.08	0.24	0.15	0.33
Diluted earnings per share, EUR	0.12	0.08	0.24	0.15	0.33

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	3,120	2,671	2,910
Goodwill	59,515	57,854	58,128
Other intangible assets	18,906	19,537	18,036
Investments available-for-sale	695	680	680
Other non-current receivables	91	71	41
Deferred tax assets	188	260	365
<b>Non-current assets, total</b>	<b>82,513</b>	<b>81,073</b>	<b>80,159</b>
<b>Current assets</b>			
Inventory	307	394	255
Trade and other receivables	51,329	42,339	49,180
Current tax assets	145	182	139
Cash and cash equivalents	4,273	5,948	4,750
<b>Current assets, total</b>	<b>56,054</b>	<b>48,863</b>	<b>54,324</b>
<b>TOTAL ASSETS</b>	<b>138,567</b>	<b>129,937</b>	<b>134,483</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital attributable to equity holders of the parent company</b>			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	18,524	18,541	18,524
Own shares	-139	35	-386
Cumulative translation adjustment	-2,202	-1,640	-1,981
Other reserves	231	219	219
Retained earnings	20,452	17,085	17,099
Profit for the financial year	5,941	3,167	7,436
<b>Capital attributable to equity holders of the parent company, total</b>	<b>54,507</b>	<b>49,107</b>	<b>52,613</b>
Non-controlling interest	252	64	165
<b>Equity, total</b>	<b>54,759</b>	<b>49,171</b>	<b>52,777</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3,487	3,443	3,293
Interest-bearing liabilities	19,856	26,359	23,807
Other non-current liabilities	726	1,641	649
<b>Non-current liabilities, total</b>	<b>24,068</b>	<b>31,442</b>	<b>27,750</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	16,029	12,275	10,461
Trade and other payables	42,623	36,184	42,513
Current income tax liabilities	1,087	864	982
<b>Current liabilities, total</b>	<b>59,740</b>	<b>49,323</b>	<b>53,956</b>
<b>Liabilities, total</b>	<b>83,808</b>	<b>80,765</b>	<b>81,706</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>138,567</b>	<b>129,937</b>	<b>134,483</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
<b>Operating cash flow</b>					
Cash receipts from customers	53,176	47,885	106,897	85,330	174,644
Operating expenses paid	-47,123	-45,469	-97,902	-84,032	-165,607
Operating cash flow before financial items and taxes	6,052	2,417	8,995	1,298	9,037
Interest and payment paid for financial expenses	-105	-373	-331	-482	-813
Interest received	15	-2	25	12	44
Income taxes paid	-561	-893	-1,384	-1,362	-2,606
<b>Operating cash flow (A)</b>	<b>5,400</b>	<b>1,148</b>	<b>7,305</b>	<b>-533</b>	<b>5,661</b>
<b>Investing cash flow</b>					
Purchase of tangible and intangible assets	-564	-808	-961	-896	-1,879
Acquisition of subsidiaries	-1,657	-20,843	-2,750	-21,262	-22,262
Proceeds from contingent asset	0	0	0	215	215
Proceeds from sale of tangible and intangible assets	0	12	3	18	24
Purchase of investments	0	0	0	0	-10
Loan receivables, decrease	0	5	0	5	45
<b>Investing cash flow (B)</b>	<b>-2,220</b>	<b>-21,633</b>	<b>-3,707</b>	<b>-21,920</b>	<b>-23,866</b>
<b>Cash flow after investments (A+B)</b>	<b>3,180</b>	<b>-20,485</b>	<b>3,598</b>	<b>-22,453</b>	<b>-18,204</b>
<b>Financing cash flow</b>					
Share issue net of cost	0	13,954	0	13,954	13,937
Purchase of own shares	-50	-16	-50	-163	-693
Short-term loans, increase	2,521	10,185	3,278	10,520	11,685
Short-term loans, decrease	-844	-13,259	-2,552	-17,137	-22,547
Long-term loans, increase	0	19,991	0	20,601	20,601
Long-term loans, decrease	109	-4,549	0	-4,549	-4,569
Payment of finance lease liabilities	-421	-295	-796	-584	-1,184
Dividend paid and other profit distribution	-3,930	-3,046	-3,930	-3,046	-3,046
<b>Financing cash flow (C)</b>	<b>-2,615</b>	<b>22,966</b>	<b>-4,051</b>	<b>19,595</b>	<b>14,184</b>
<b>Variation in cash (A+B+C) increase (+) / decrease (-)</b>	<b>565</b>	<b>2,481</b>	<b>-453</b>	<b>-2,858</b>	<b>-4,020</b>
Assets at the beginning of the period	3,728	3,412	4,750	8,807	8,807
Exchange gains or losses on cash and cash equivalents	-20	56	-25	-1	-37
Assets at the end of the period	4,273	5,948	4,273	5,948	4,750

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

A) Share Capital	F) Cumulative Translation Adjustment
B) Share Premium Account	G) Retained Earnings
C) Unrestricted Equity Fund	H) Total
D) Other Reserves	I) Non-controlling Interest
E) Own Shares	J) Equity total

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Equity Jan 1, 2016</b>	<b>5,000</b>	<b>6,701</b>	<b>4,406</b>	<b>225</b>	<b>-949</b>	<b>-863</b>	<b>20,101</b>	<b>34,621</b>	<b>-3</b>	<b>34,618</b>
<b>Comprehensive income</b>										
Profit for the financial year	0	0	0	0	0	0	7,436	7,436	168	7,604
Fair value reserve available-for-sale assets	0	0	0	-6	0	0	0	-6	0	-6
Foreign subsidiary net investment hedge	0	0	0	0	0	82	0	82	0	82
Cumulative translation adjustment	0	0	0	0	0	-1,200	44	-1,157	0	-1,157
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>0</b>	<b>-1,118</b>	<b>7,480</b>	<b>6,356</b>	<b>168</b>	<b>6,524</b>
<b>Transactions with owners</b>										
Dividends	0	0	0	0	0	0	-3,046	-3,046	0	-3,046
Share issue net of cost	0	0	13,937	0	0	0	0	13,937	0	13,937
Directed share issue	0	0	181	0	928	0	0	1,109	0	1,109
Purchase of own shares	0	0	0	0	-693	0	0	-693	0	-693
Share-based incentive plan	0	0	0	0	328	0	0	328	0	328
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>14,118</b>	<b>0</b>	<b>563</b>	<b>0</b>	<b>-3,046</b>	<b>11,635</b>	<b>0</b>	<b>11,635</b>
<b>Equity Dec 31, 2016</b>	<b>5,000</b>	<b>6,701</b>	<b>18,524</b>	<b>219</b>	<b>-386</b>	<b>-1,981</b>	<b>24,535</b>	<b>52,613</b>	<b>165</b>	<b>52,777</b>

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Equity Jan 1, 2017</b>	<b>5,000</b>	<b>6,701</b>	<b>18,524</b>	<b>219</b>	<b>-386</b>	<b>-1,981</b>	<b>24,535</b>	<b>52,613</b>	<b>165</b>	<b>52,777</b>
<b>Comprehensive income</b>										
Profit for the financial year	0	0	0	0	0	0	5,941	5,941	100	6,041
Fair value reserve available-for-sale assets	0	0	0	12	0	0	0	12	0	12
Cumulative translation adjustment	0	0	0	0	0	-221	0	-221	-12	-234
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>-221</b>	<b>5,941</b>	<b>5,731</b>	<b>88</b>	<b>5,819</b>
<b>Transactions with owners</b>										
Dividends	0	0	0	0	0	0	-3,930	-3,930	0	-3,930
Share-based incentive plan	0	0	0	0	297	0	-154	143	0	143
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>247</b>	<b>0</b>	<b>-4,084</b>	<b>-3,837</b>	<b>0</b>	<b>-3,837</b>
<b>Equity Jun 30, 2017</b>	<b>5,000</b>	<b>6,701</b>	<b>18,524</b>	<b>231</b>	<b>-139</b>	<b>-2,202</b>	<b>26,392</b>	<b>54,507</b>	<b>252</b>	<b>54,759</b>

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Equity Jan 1, 2016</b>	<b>5,000</b>	<b>6,701</b>	<b>4,406</b>	<b>225</b>	<b>-949</b>	<b>-863</b>	<b>20,101</b>	<b>34,621</b>	<b>-3</b>	<b>34,618</b>
<b>Comprehensive income</b>										
Profit for the financial year	0	0	0	0	0	0	3,167	3,167	68	3,234
Fair value reserve available-for-sale assets	0	0	0	-6	0	0	0	-6	0	-6
Foreign subsidiary net investment hedge	0	0	0	0	0	34	0	34	0	34
Cumulative translation adjustment	0	0	0	0	0	-810	30	-781	-1	-782
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6</b>	<b>0</b>	<b>-777</b>	<b>3,196</b>	<b>2,413</b>	<b>67</b>	<b>2,480</b>
<b>Transactions with owners</b>										
Dividends	0	0	0	0	0	0	-3,046	-3,046	0	-3,046
Share issue net of cost	0	0	13,954	0	0	0	0	13,954	0	13,954
Directed share issue	0	0	181	0	928	0	0	1,109	0	1,109
Purchase of own shares	0	0	0	0	-163	0	0	-163	0	-163
Share-based incentive plan	0	0	0	0	219	0	0	219	0	219
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>14,135</b>	<b>0</b>	<b>984</b>	<b>0</b>	<b>-3,046</b>	<b>12,073</b>	<b>0</b>	<b>12,073</b>
<b>Equity Jun 30, 2016</b>	<b>5,000</b>	<b>6,701</b>	<b>18,541</b>	<b>220</b>	<b>35</b>	<b>-1,640</b>	<b>20,251</b>	<b>49,107</b>	<b>64</b>	<b>49,171</b>

## **NOTES TO THE FINANCIAL STATEMENT SUMMARY**

### **General**

Etteplan provides industrial equipment and plant engineering, embedded systems, IoT (Internet of Things), and technical documentation solutions to the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products and engineering processes throughout the product life cycle. The results of Etteplan's innovative engineering can be seen in numerous industrial solutions and everyday products.

In 2016, Etteplan had a turnover of EUR 183.9 million. The company currently has more than 2,600 professionals in Finland, Sweden, the Netherlands, Germany, Poland and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

The Etteplan Oyj Board of Directors has approved this Interim Report for publication at its meeting on August 10, 2017.

### **Basis for Preparation**

The Half Year Financial Report has been prepared in accordance with the requirements in IAS 34 (Interim Financial Reporting) standard. The Half Year Financial Report has been prepared according to the recognition and valuation principles presented in the 2016 Annual Financial Statements. Changes in standards and interpretations in effect in 2017 did not have material effect to the Consolidated Financial Statements.

IFRS 15, 'Revenue from contracts with customers' establishes principles for recognizing revenue from the entity's contracts with customers and for the related disclosures. Recognition of revenue can happen over time or at a certain point in time depending on when a customer obtains control of a good or service. The standard is effective for annual periods beginning on or after January 1, 2018.

Management is assessing the impact of the standard. An impact analysis has been made for the major revenue streams. At this stage of the assessment, it seems likely that the implementation of the new standard will not have a material effect neither on the amount nor timing of revenue recognition. There are no material variable considerations or financing components involved in determining the Group's transaction prices. The Group has not identified incremental costs of obtaining a contract or costs to fulfill a contract to be activated. The Group is planning to adopt the standard fully retrospectively on January 1, 2018.

The Annual Financial Statements 2016 are available at [www.etteplan.com](http://www.etteplan.com) with the accounting policies detailed on pages 14-22.

Formulas for the key figures are detailed at the end of this release.

### **Use of Estimates**

This release includes forward-looking statements, which are based on the current expectations, known factors, decisions and plans of the management. The management believes that the expectations reflected in such forward looking statements are reasonable. However, outcomes could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions as well as changes in the regulatory environment and fluctuations in exchange rates.

## Key Figures

(EUR 1,000)	1-6/2017	1-6/2016	1-12/2016	Change to prev. year
Revenue	109,116	88,814	183,938	22.9 %
EBIT from business operations	8,998	5,090	12,071	76.8 %
EBIT from business operations, %	8.2	5.7	6.6	
Operating profit (EBIT)	8,045	4,248	10,131	89.4 %
EBIT, %	7.4	4.8	5.5	
Profit before taxes	7,725	3,877	9,441	99.2 %
Profit before taxes, %	7.1	4.4	5.1	
Return on equity, %	22.5	15.4	17.4	
ROCE, %	18.6	12.8	14.8	
Equity ratio, %	40.1	38.1	40.0	
Gross interest-bearing debt	35,885	38,634	34,269	-7.1 %
Net gearing, %	57.7	66.5	55.9	
Balance sheet, total	138,567	129,937	134,483	6.6 %
Gross investments	5,477	27,979	30,186	-80.4 %
Operating cash flow	7,305	-533	5,661	1469.2 %
Basic earnings per share, EUR	0.24	0.15	0.33	60.0 %
Diluted earnings per share, EUR	0.24	0.15	0.33	60.0 %
Equity per share, EUR	2.20	1.99	2.14	10.6 %
Personnel, average	2,638	2,295	2,407	14.9 %
Personnel at end of the period	2,731	2,487	2,545	9.8 %

## Revenue and operating profit (EBIT) quarterly

(EUR 1,000)	1-3/2017	1-3/2016	4-6/2017	4-6/2016
Revenue	54,802	38,603	54,314	50,211
Operating profit (EBIT)	3,827	1,896	4,218	2,352
EBIT, %	7.0	4.9	7.8	4.7

## Exceptional Items

Items that are material either because of their size or their nature, and that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. The line items in which they are included in the income statement are specified in the table below:

(EUR 1,000)	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Other operating income	0	0	15	215	215
Staff costs and other operating expenses	-196	-997	-579	-1,388	-1,886
<b>Operating profit (EBIT)</b>	<b>-196</b>	<b>-997</b>	<b>-564</b>	<b>-1,173</b>	<b>-1,671</b>

## Reconciliation of EBIT from Business Operations

EBIT from business operations is an alternative performance measure, which reflects the Company's operational performance: it does not include acquisition-related items such as amortization on PPA allocations and earn out revaluations. The table below shows a reconciliation between EBIT from business operations and Operating profit (EBIT).

(EUR 1,000)	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
<b>EBIT</b>	<b>4,218</b>	<b>2,352</b>	<b>8,045</b>	<b>4,248</b>	<b>10,131</b>
Amortization on PPA allocations	451	559	968	842	1,939
Earn-out revaluation items	0	0	-15	0	0
<b>EBIT from business operations</b>	<b>4,669</b>	<b>2,911</b>	<b>8,998</b>	<b>5,090</b>	<b>12,071</b>

## Business combinations

### SDS Aura Oy

On June 1, 2017 Etteplan reinforced its engineering expertise by buying SDS Aura Oy, a company specializing in shipbuilding strength calculations and steel structure engineering, based in Turku, Finland. The acquisition further reinforced Etteplan's growth strategy, which has at its heart organic growth and the expansion of expertise through acquisitions. SDS Aura employed a total of 16 people at the time of the acquisition.

The acquisition consideration is EUR 1,100 thousand consisting of a cash payment and contingent considerations. The cash consideration amounted to EUR 550 thousand in total. In addition to this payment contingent considerations of EUR 0-550 thousand (undiscounted amount) are agreed upon. The contingent considerations will be paid in full provided that SDS Aura Oy's result in the financial year 2017 and 2018 reaches the thresholds set in the share transfer agreement and certain attrition related terms are fulfilled. The fair value of the contingent considerations is estimated by applying the income approach. At the time of acquisition the fair value of the contingent considerations was EUR 550 thousand.

The goodwill of EUR 794 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the company's operating model. None of the goodwill recognized is expected to be deductible for income tax purposes.

### Sorona Innovation AB

On June 12, 2017 Etteplan expanded its Swedish operations by acquiring Sorona Innovation AB which specializes in technical documentation solutions. The transaction will bolster Etteplan's position as one of the leading suppliers of technical documentation and create new growth opportunities, not only in Sweden, but also globally. Sorona Innovation AB employs a total of 9 people.

The acquisition consideration is EUR 1,616 thousand in total consisting of a cash payment and contingent considerations. The contingent considerations, EUR 0-412 thousand (undiscounted

amount), will be paid in full provided that the Sorona Innovation AB's result in the financial year 2017 reaches the threshold set in the purchase agreement and other terms of the contingent considerations, related to integration of the company to Etteplan group, are met. The fair value of the contingent considerations is estimated by applying the income approach. At the time of acquisition the fair value of the contingent considerations was EUR 412 thousand.

The goodwill of EUR 907 thousand arising from the acquisition is attributable to the knowledge and competence acquired as well as the synergies expected from combining the operations of the Group and the acquired company. None of the goodwill recognized is expected to be deductible for income tax purposes.

### Acquisitions total

The following table summarizes the consideration paid for the acquisitions and the provisional amounts of assets acquired and liabilities assumed recognized at the time of acquisitions.

<b>Consideration transferred:</b>	<b>(EUR 1,000)</b>
Cash payment	1,754
Contingent consideration	962
<b>Total consideration transferred</b>	<b>2,716</b>
<b>Assets and liabilities</b>	
Tangible assets	54
Intangible assets	21
Customer relationships (intangible assets)	975
Trade and other receivables	567
Cash and cash equivalents	97
<b>Total assets</b>	<b>1,714</b>
Current liabilities	490
Deferred tax liability	208
<b>Total liabilities</b>	<b>698</b>
<b>Total identifiable net assets</b>	<b>1,015</b>
<b>Formation of Goodwill:</b>	
Consideration transferred	2,716
Total identifiable net assets	-1,015
<b>Goodwill</b>	<b>1,701</b>

Costs related to acquisitions, EUR 43 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

## Tangible assets

<b>TANGIBLE ASSETS 2017</b> <b>(EUR 1,000)</b>	<b>Land and water</b>	<b>Machinery and equipment</b>	<b>Machinery and equipment, finance lease</b>	<b>Other tangible assets</b>	<b>Total</b>
Acquisition cost Jan 1	19	12,954	7,639	842	21,454
Translation difference	0	-62	-9	-3	-73
Acquisition of subsidiaries	0	54	0	0	54
Additions	0	428	518	30	976
Reclassifications between items	0	16	0	0	16
Disposals	0	-5	0	0	-5
Acquisition cost Jun 30	19	13,386	8,148	869	22,422
Cumulative depreciation Jan 1	0	-11,250	-6,551	-743	-18,544
Translation difference	0	54	7	2	64
Cumulative depreciation on reclassifications	0	2	0	0	2
Cumulative depreciation on disposals	0	0	0	0	0
Depreciation for the financial period	0	-364	-443	-17	-824
Cumulative depreciation Jun 30	0	-11,558	-6,987	-758	-19,303
<b>Book value Jun 30, 2017</b>	<b>19</b>	<b>1,828</b>	<b>1,162</b>	<b>111</b>	<b>3,120</b>

<b>TANGIBLE ASSETS 2016</b> <b>(EUR 1,000)</b>	<b>Land and water</b>	<b>Machinery and equipment</b>	<b>Machinery and equipment, finance lease</b>	<b>Other tangible assets</b>	<b>Total</b>
Acquisition cost Jan 1	19	11,760	7,022	832	19,633
Translation difference	0	-100	-22	-2	-124
Acquisition of subsidiaries	0	724	0	0	724
Additions	0	175	284	23	482
Reclassifications between items	0	1	0	0	1
Disposals	0	-1	-14	-12	-26
Acquisition cost Jun 30	19	12,560	7,270	840	20,689
Cumulative depreciation Jan 1	0	-10,910	-5,832	-713	-17,454
Translation difference	0	89	16	1	106
Cumulative depreciation on acquisitions	0	-38	0	0	-38
Cumulative depreciation on disposals	0	4	14	0	18
Depreciation for the financial period	0	-253	-382	-15	-650
Cumulative depreciation Jun 30	0	-11,108	-6,184	-727	-18,019
<b>Book value Jun 30, 2016</b>	<b>19</b>	<b>1,452</b>	<b>1,086</b>	<b>113</b>	<b>2,671</b>

## Intangible assets

<b>INTANGIBLE ASSETS 2017</b> <b>(EUR 1,000)</b>	<b>Intangible rights</b>	<b>Internally created intangible assets</b>	<b>Other intangible assets</b>	<b>Other intangible assets, finance lease</b>	<b>Advance payments</b>	<b>Goodwill</b>	<b>Total</b>
Acquisition cost Jan 1	11,689	2,581	20,237	2,293	73	58,128	95,002
Translation difference	-64	0	-30	-3	0	-315	-411
Acquisition of subsidiaries	21	0	0	0	0	0	21
Additions	122	138	978	1,285	198	1,701	4,422
Reclassifications between items	-1	0	0	0	-15	0	-16
Disposals	0	0	0	0	0	0	0
Acquisition cost Jun 30	11,766	2,719	21,185	3,576	256	59,515	99,018
Cumulative amortization Jan 1	-10,374	-1,480	-5,093	-1,891	0	0	-18,839
Translation difference	46	0	19	2	0	0	68
Amortization for the financial period	-332	-175	-968	-352	0	0	-1,827
Cumulative amortization Jun 30	-10,659	-1,655	-6,042	-2,241	0	0	-20,597
<b>Book value Jun 30, 2017</b>	<b>1,107</b>	<b>1,065</b>	<b>15,144</b>	<b>1,335</b>	<b>256</b>	<b>59,515</b>	<b>78,421</b>

<b>INTANGIBLE ASSETS 2016</b> <b>(EUR 1,000)</b>	<b>Intangible rights</b>	<b>Internally created intangible assets</b>	<b>Other intangible assets</b>	<b>Other intangible assets, finance lease</b>	<b>Advance payments</b>	<b>Goodwill</b>	<b>Total</b>
Acquisition cost Jan 1	11,212	1,799	9,610	2,000	106	42,734	67,461
Translation difference	-52	0	-43	-7	0	-676	-778
Acquisition of subsidiaries	189	175	10,861	0	0	0	11,225
Additions	258	118	5	274	33	15,797	16,485
Reclassifications between items	-76	182	0	0	-106	0	0
Acquisition cost Jun 30	11,530	2,274	20,434	2,267	33	57,854	94,393
Cumulative amortization Jan 1	-9,485	-1,130	-3,176	-1,519	0	0	-15,311
Translation difference	30	0	20	6	0	0	55
Cumulative amortization on acquisitions	-114	-27	0	0	0	0	-142
Cumulative amortization on reclassifications	-1	0	0	0	0	0	-1
Amortization for the financial period	-392	-178	-841	-195	0	0	-1,605
Cumulative amortization Jun 30	-9,961	-1,336	-3,997	-1,708	0	0	-17,003
<b>Book value Jun 30, 2016</b>	<b>1,569</b>	<b>938</b>	<b>16,437</b>	<b>559</b>	<b>33</b>	<b>57,854</b>	<b>77,391</b>

## Interest-bearing liabilities

<b>(EUR 1,000)</b>	<b>Jun 30, 2017</b>	<b>Jun 30, 2016</b>	<b>Dec 31, 2016</b>
Non-current	19,856	26,359	23,807
Current	16,029	12,275	10,461
<b>Total</b>	<b>35,885</b>	<b>38,634</b>	<b>34,269</b>



## Pledges, mortgages and guarantees

(EUR 1,000)	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
<b>For own debts</b>			
Business mortgages	320	320	320
Pledged shares	120	120	120
Other contingencies	100	0	0
<b>Leasing liabilities</b>			
For payment under one year	2,250	2,117	2,195
For payment 1-5 years	2,615	1,588	2,486
<b>Total</b>	<b>5,405</b>	<b>4,145</b>	<b>5,121</b>

## Segment reporting

The Group has one operating segment, the revenue of which consists mainly of rendering of services. The Group operates mainly in seven geographical areas. The table below presents the division of external revenue and non-current assets by geographical area. The external revenue of each geographical area is presented according to the location of the seller. Non-current assets are presented according to the location of the asset. Etteplan China operations sell their services both locally and through other Group companies thus this revenue is partly included in the revenue from other countries.

(EUR 1,000)	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
<b>Revenue</b>					
Finland	37,319	34,780	75,785	59,337	125,749
Poland	1,260	499	1,950	499	1,558
Sweden	11,329	11,504	22,871	22,278	41,778
China	1,384	995	2,524	1,711	3,863
Holland	2,110	1,856	4,069	3,878	7,960
USA	70	83	349	105	398
Germany	842	495	1,568	1,006	2,631
<b>Total</b>	<b>54,314</b>	<b>50,211</b>	<b>109,116</b>	<b>88,814</b>	<b>183,938</b>

(EUR 1,000)	Jun 30, 2017	Jun 30, 2016	Dec 31, 2016
<b>Non-current assets *</b>			
Finland	48,399	46,288	46,643
Poland	94	90	103
Sweden	25,108	24,262	23,800
China	2,395	2,644	2,575
Holland	4,530	5,229	4,894
USA	0	0	0
Germany	1,105	1,621	1,099
<b>Total</b>	<b>81,631</b>	<b>80,133</b>	<b>79,114</b>

\*Other non-current assets excluding financial instruments, deferred tax assets and assets related to compensation after termination of employment contract.

In Interim period Jan 1 - Jun 30, 2017 revenue from one individual customer was EUR 10,984 thousand, which is over 10 per cent of the Group's total revenue.

## Fair value of financial instruments

### Fair value hierarchy

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs that are not based on observable market data (that is, unobservable inputs).

#### Available-for-sale financial assets recognized at fair value through profit or loss

(EUR 1,000)	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Listed shares	185	0	0	185	170	0	0	170
Premises shares	0	480	0	480	0	480	0	480
Unlisted shares	0	0	30	30	0	0	30	30
<b>Total Jun 30</b>	<b>185</b>	<b>480</b>	<b>30</b>	<b>695</b>	<b>170</b>	<b>480</b>	<b>30</b>	<b>680</b>

#### Reconciliation of available-for-sale financial assets recognized at fair value through profit or loss

(EUR 1,000)	2017				2016			
	Listed shares	Premises shares	Unlisted shares	Total	Listed shares	Premises shares	Unlisted shares	Total
Opening balance at Jan 1	170	480	30	680	177	480	30	687
Gain/loss recognized in other comprehensive income	15	0	0	15	-7	0	0	-7
Additions	0	0	0	0	0	0	0	0
<b>Closing balance Jun 30</b>	<b>185</b>	<b>480</b>	<b>30</b>	<b>695</b>	<b>170</b>	<b>480</b>	<b>29</b>	<b>680</b>

#### Financial liabilities recognized at fair value through profit or loss

(EUR 1,000)	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
acquisitions	0	0	1,643	1,643	0	0	1,250	1,250
<b>Total Jun 30</b>	<b>0</b>	<b>0</b>	<b>1,643</b>	<b>1,643</b>	<b>0</b>	<b>0</b>	<b>1,250</b>	<b>1,250</b>

#### Reconciliation of financial liabilities recognized at fair value through profit or loss

(EUR 1,000)	2017		2016	
	Contingent liability in acquisitions	Total	Contingent liability in acquisitions	Total
Opening balance at Jan 1		1,568	0	0
Additions		962	1,250	1,250
Gain/loss recognized in income statement		-15	0	0
Payment		-871	0	0
<b>Closing balance Jun 30</b>		<b>1,643</b>	<b>1,250</b>	<b>1,250</b>

## Related party transactions

The Group's related-party includes such persons that have control, joint control or significant influence over the Group. Also the Group's key personnel, that is, the members of the Board of Directors and Management Group including the CEO are included in the related-party. Companies in control or joint control of the before mentioned persons are considered as other related parties. The ultimate controlling party Ingman Group Oy Ab and its group companies are also included in related-parties.

### The following transactions were carried out with related parties:

<b>(EUR 1,000)</b>	<b>Jun 30, 2017</b>	<b>Jun 30, 2016</b>	<b>Dec 31, 2016</b>
<b>Sales and purchases of services and related receivables and payables</b>			
Sales of services to other related parties	306	0	217
Purchases of services from other related parties	18	18	36

<b>(EUR 1,000)</b>	<b>Jun 30, 2017</b>	<b>Jun 30, 2016</b>	<b>Dec 31, 2016</b>
<b>Loans received from other related parties</b>			
At the beginning of period	0	0	0
Additions	0	10,000	10,000
Interest	0	28	28
Conversion to shares	0	-9,807	-9,807
Repayments	0	-221	-221
<b>At the end of period</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Formulas for Key Figures

### Organic growth

$$\frac{(\text{Revenue current period} - \text{revenue comparison period} - \text{revenue from acquiree current period}) \times 100}{\text{Revenue comparison period}}$$

### EBIT from business operations

Operating profit (EBIT) + amortization on PPA allocations +/- earn out revaluation items

### Return on equity (ROE)

$$\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes}) \times 100}{(\text{Shareholders' equity} + \text{minority interest}) \text{ average}}$$

### Return on capital employed (ROCE), before taxes

$$\frac{(\text{Profit before taxes and non-controlling interest} + \text{interest and other financial expenses}) \times 100}{(\text{Balance sheet total} - \text{non-interest bearing debts}) \text{ average}}$$

### Equity ratio, %

$$\frac{(\text{Shareholders' equity} + \text{non-controlling interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$$

### Net gearing, %

$$\frac{(\text{Interest-bearing debts} - \text{cash and cash equivalents and marketable securities}) \times 100}{\text{Shareholders' equity} + \text{non-controlling interest}}$$

### Earnings per share

$$\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes} - \text{non-controlling interest})}{\text{Adjusted average number of shares during the financial year}}$$

### Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial year}}$$