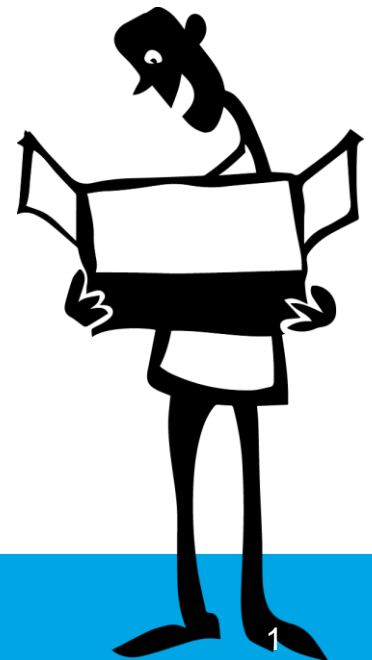


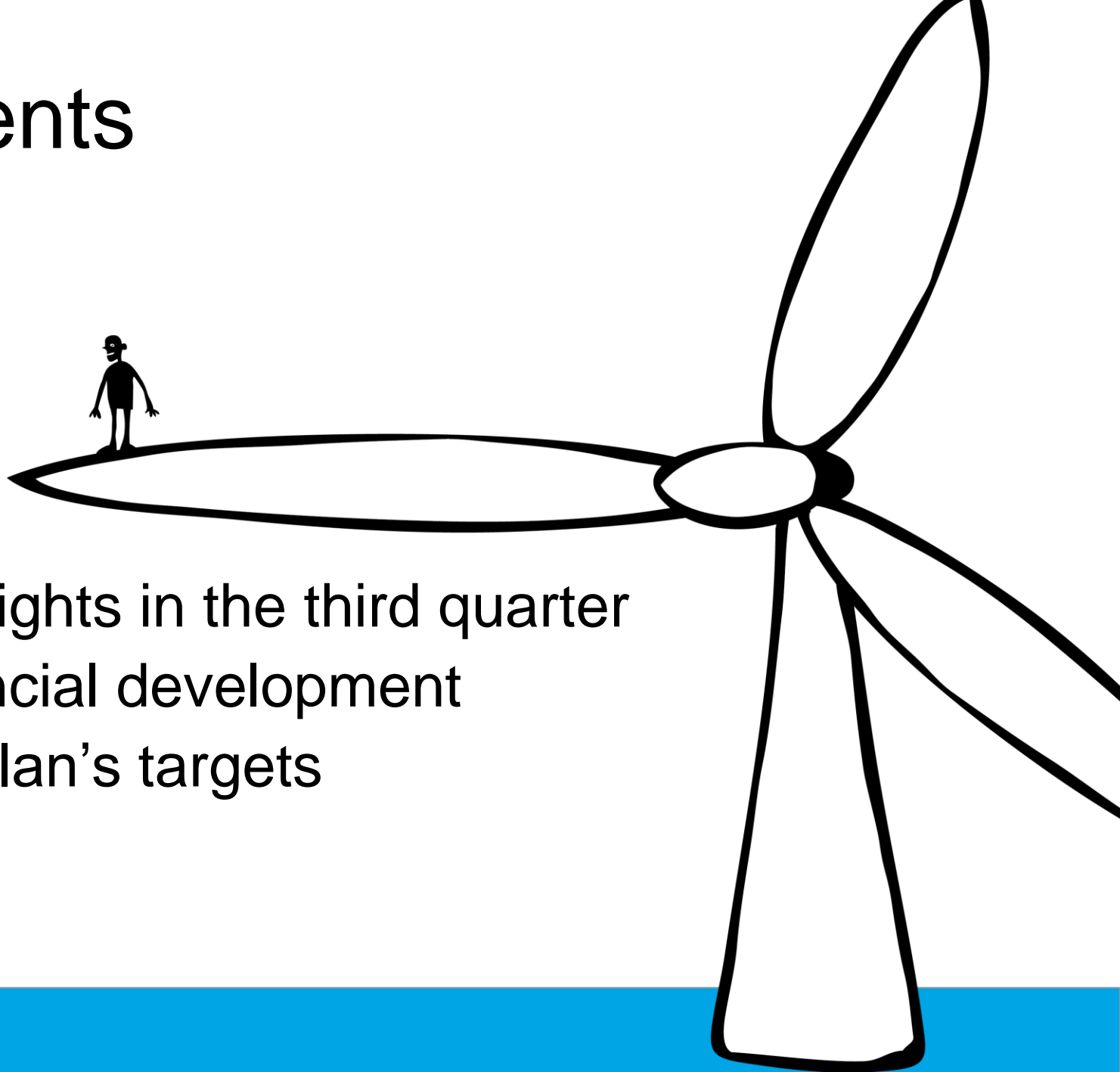
# Interim Report January-September 2017

## Profitability improved and strong organic growth continued

President and CEO Juha Näkki  
October 25, 2017

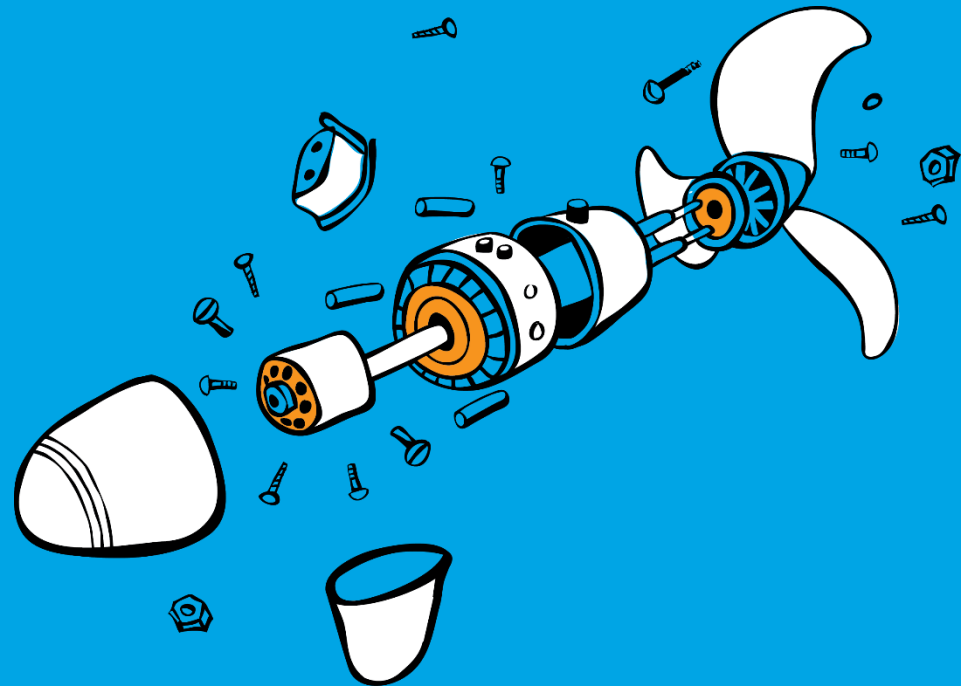


# Contents



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

# Highlights in the third quarter



# Highlights 7-9/2017

- + Strong organic growth continued and totaled 11.3% with comparable exchange rates.
- + Profitability and cash flow improved substantially.
- + We progressed towards our strategic targets.
  - + Hours sold to China grew by 47%.
  - + Managed Services index was 57%.
- In Embedded systems and IoT service area the excess hours in some long-term projects weighed down profitability in Q2-Q3.

# Operating environment continues to develop positively

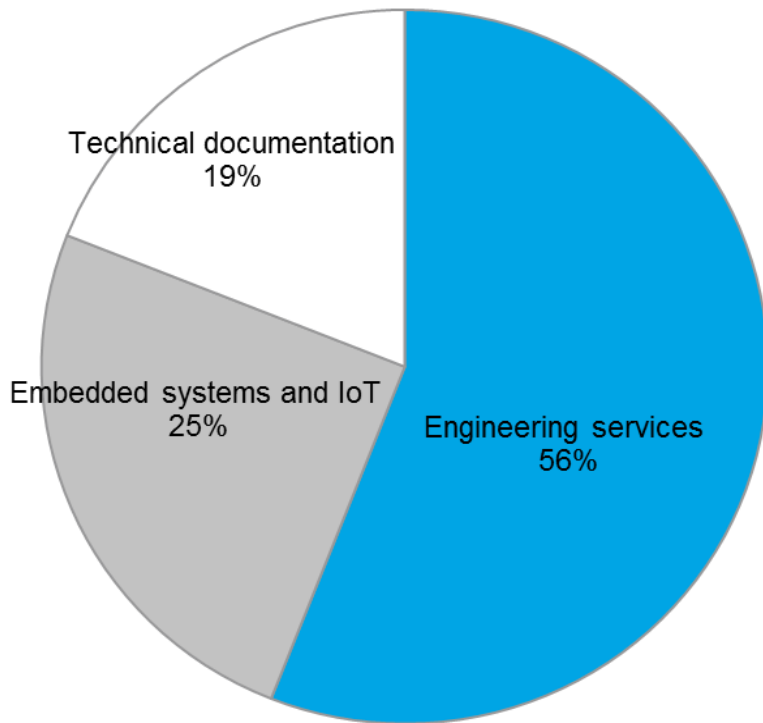
- Our operating environment developed positively and the market situation is good.
- There were no significant changes in the demand for our services by customer industry, but customer-specific differences were substantial.
  - Activity in the mining industry continued to increase.
- Companies are directing investments to digitalization-related services.
- Outsourcing and centralizing services purchasing trends continue.
- Competition for employees and the lower availability of specialized experts in certain areas are affecting the development of the sector as a whole.

# Market development in Etteplan's main markets in July-September 2017

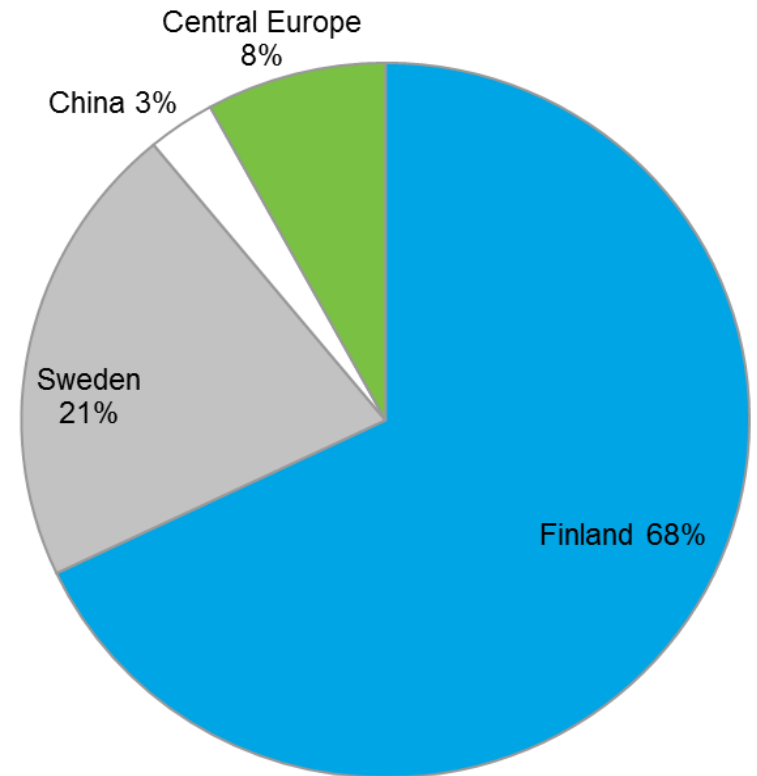
- The overall market development was positive.
- In Finland the uncertainty has slightly increased. However, demand continued at a good level.
- In Sweden, market demand remained at a very good level.
- In Germany, the Netherlands and Poland the demand for engineering services remained at a good level.
- In China, the good situation continued as the opening up of the service market presented growth opportunities for operators in the engineering industry.

# Revenue by service area and by country 1-9/2017

Revenue by service area

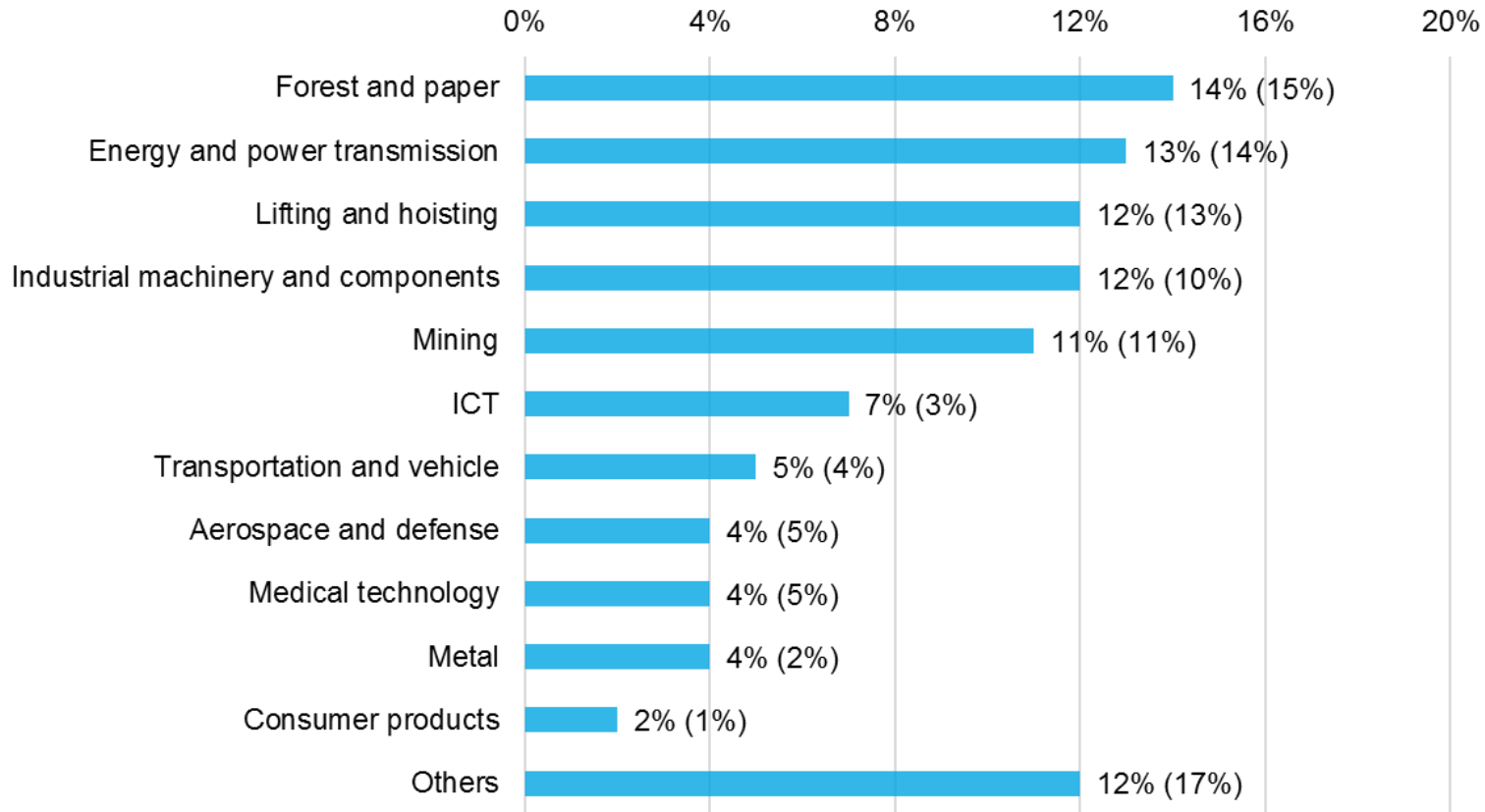


Revenue by country



# Revenue 1-9/2017

## Revenue by customer segment





# Key figures 7-9/2017

(EUR 1,000)	7-9/2017	7-9/2016	Change %
Revenue	47,132	41,986	12.3
EBIT from business operations	3,364	2,425	38.7
EBIT from business operations, %	7.1	5.8	
Operating profit (EBIT)	2,887	1,866	54.7
EBIT, %	6.1	4.4	
Basic earnings per share, EUR	0.08	0.05	60.0
Equity ratio, %	40.7	39.7	
Operating cash flow	-1,209	-3,640	201.1
ROCE, %	13.1	11.2	
Personnel at end of the period	2,781	2,508	10.9

*Espotel Oy and Soikea Solutions Oy, which were acquired in spring 2016, are included in the figures for the comparison period starting from the second quarter of 2017.*

# Key figures 1-9/2017

(EUR 1,000)	1-9/2017	1-9/2016	Change %	1-12/2016
Revenue	156,248	130,800	19.5	183,938
EBIT from business operations	12,362	7,514	64.5	12,071
EBIT from business operations, %	7.9	5.7		6.6
Operating profit (EBIT)	10,932	6,115	78.8	10,131
EBIT, %	7.0	4.7		5.5
Basic earnings per share, EUR	0.33	0.20	65.0	0.33
Equity ratio, %	40.7	39.7		40.0
Operating cash flow	6,096	-4,174		5,661
ROCE, %	16.5	12.1		14.8
Personnel at end of the period	2,781	2,508	10.9	2,545

*Espotel Oy and Soikea Solutions Oy, which were acquired in spring 2016, are included in the figures for the comparison period starting from the second quarter of 2017.*

# Outlook

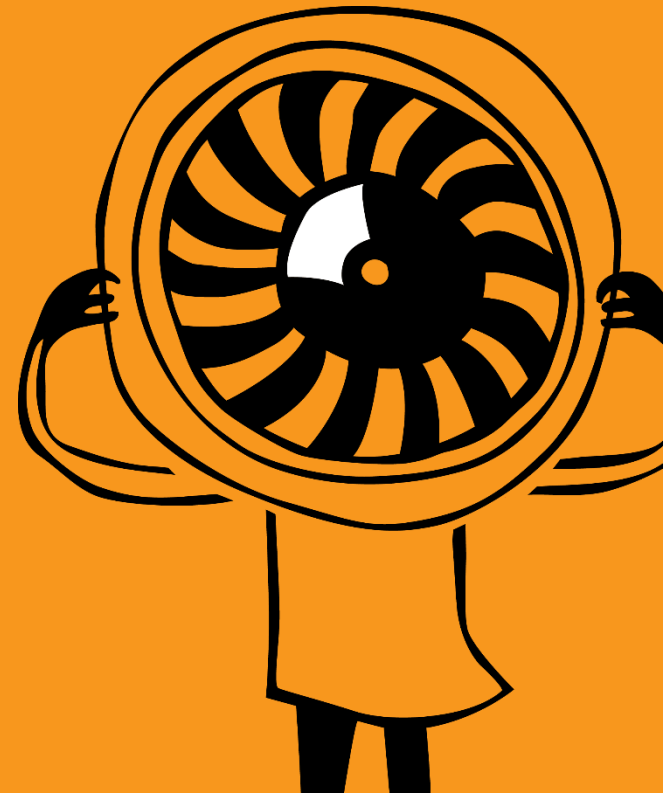
## **Market outlook 2017**

- The most important factor for 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.

# Financial development

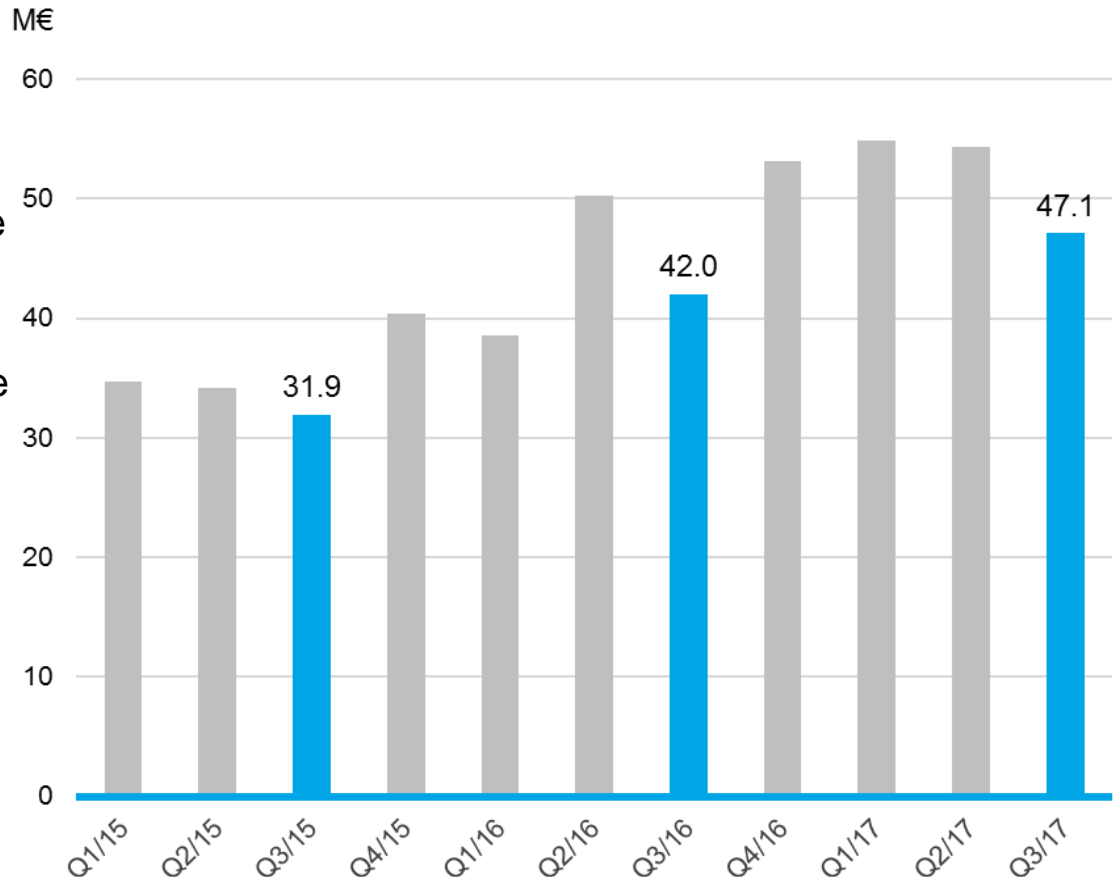


# Revenue

7-9/2017: EUR 47.1 million (7-9/2016: EUR 42.0 million)

1-9/2017: EUR 156.2 million (1-9/2016: 130.8 million)

- Q3: Revenue increased by 12.3% (with comparable exchange rates 12.5%). Organic growth was 11.1% (with comparable exchange rates 11.3 %).
- Q1-Q3: Revenue increased by 19.5% (with comparable exchange rates 20.1%). Organic growth was 11.0%, (with comparable exchange rates 11.6%).
- Q1-Q3: Key accounts grew by 20.8%.
- Net sales grew due to good market situation, good service offering and strong market position.

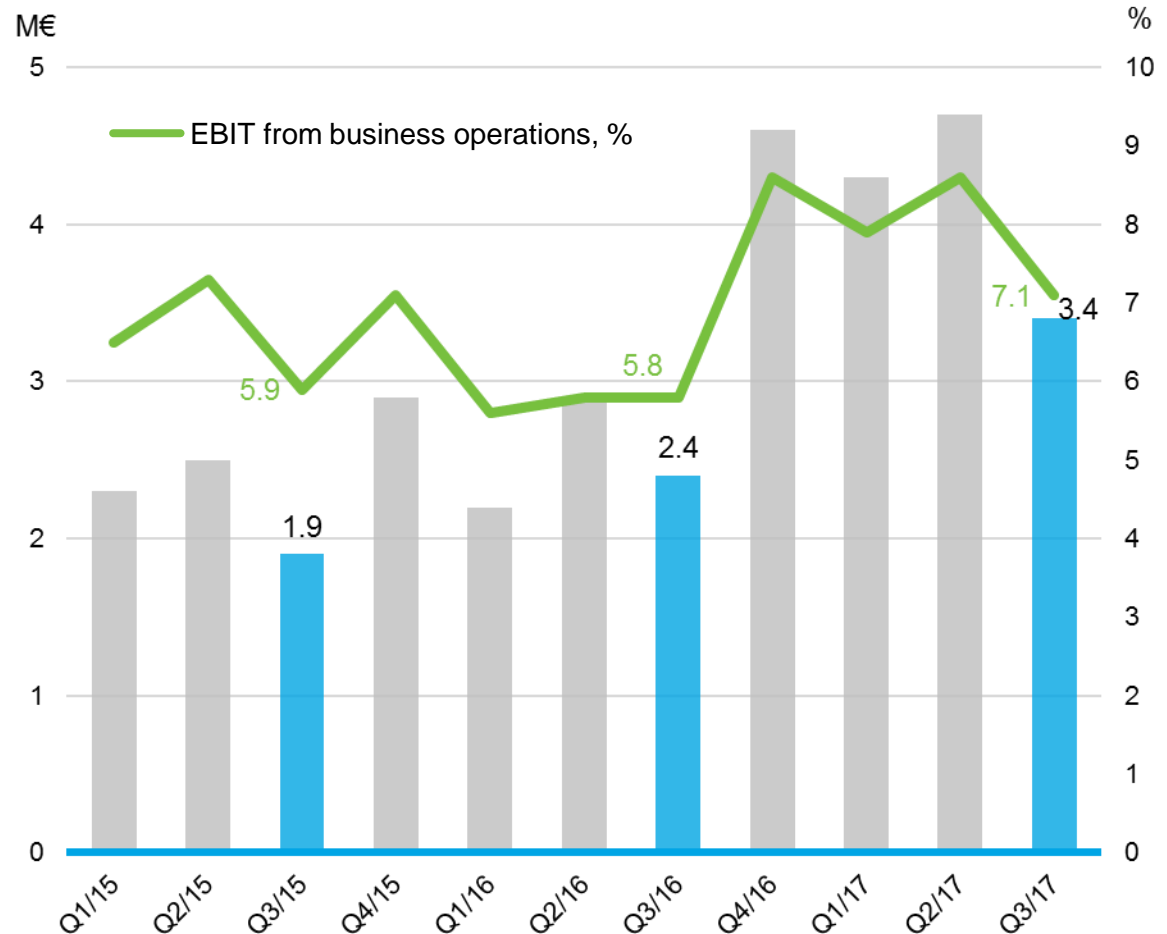


# EBIT from business operations

7-9/2017: EUR 3.4 million, 7.1% (7-9/2016: EUR 2.4 million, 5.8%)

1-9/2017: EUR 12.4 million, 7.9% (1-9/2016: EUR 7.5 million, 5.7%)

- Q3: EBIT from business operations improved by 38.7%.
- Exceptional items had an effect of EUR -0.1 (-0.3) million on EBIT from business operations in Q3.
- Exceptional items had an effect of EUR -0.7 (-1.5) million on EBIT from business operations in Q1-Q3.
- Good demand situation and the increased share of Managed Services improved capacity management and profitability.

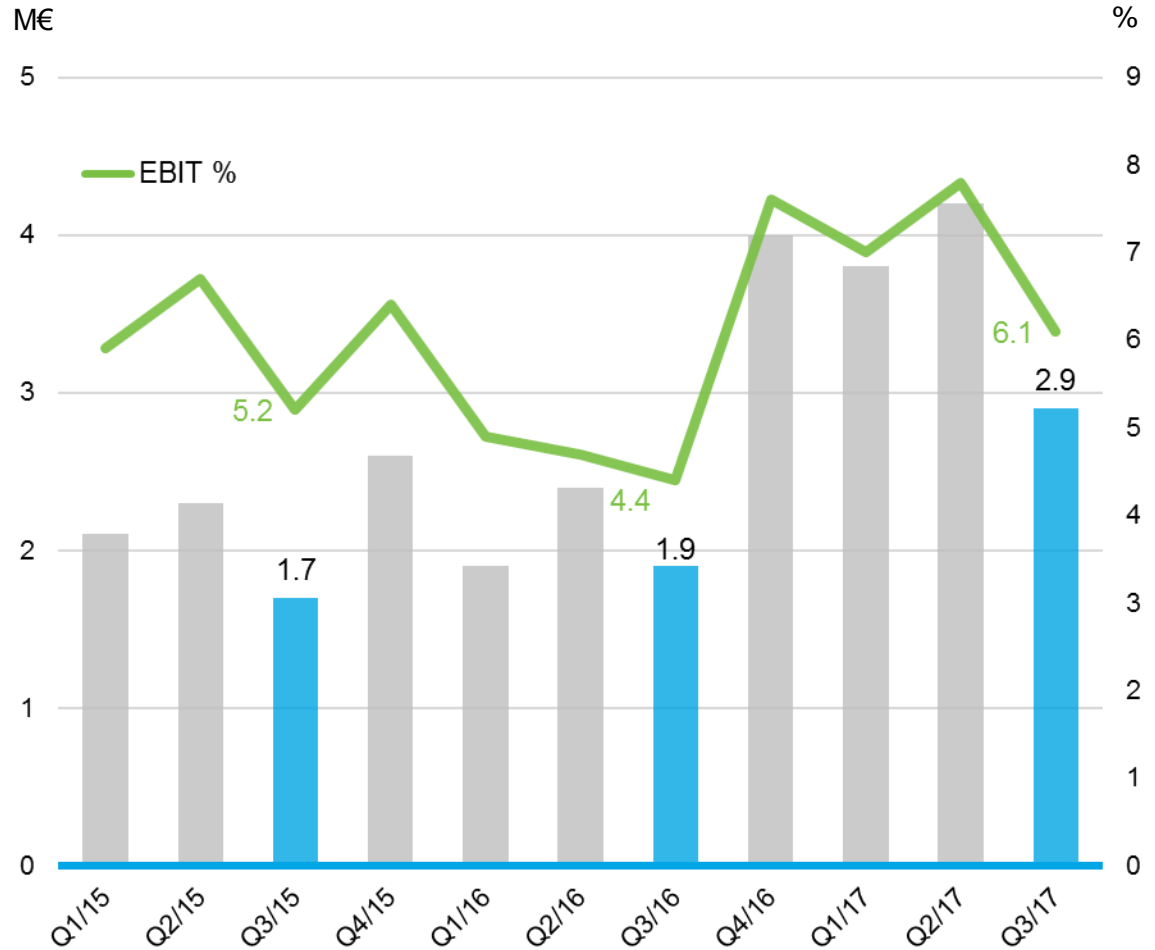


# Operating profit (EBIT) and EBIT %

7-9/2017: EUR 2.9 million, 6.1% (7-9/2016: EUR 1.9 million, 4.4%)

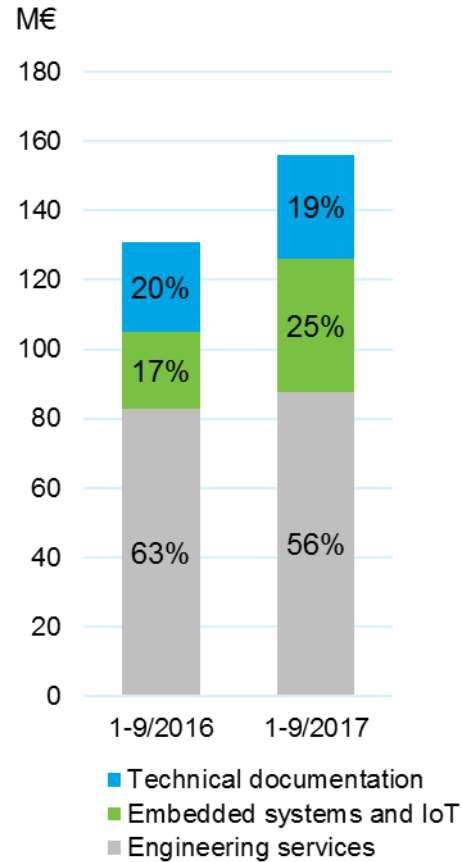
1-9/2017: EUR 10.9 million, 7.0% (1-9/2016: EUR 6.1 million, 4.7%)

- Amortization related to acquisitions were EUR 0.5 million in Q3 and EUR 1.4 million in Q1-Q3.

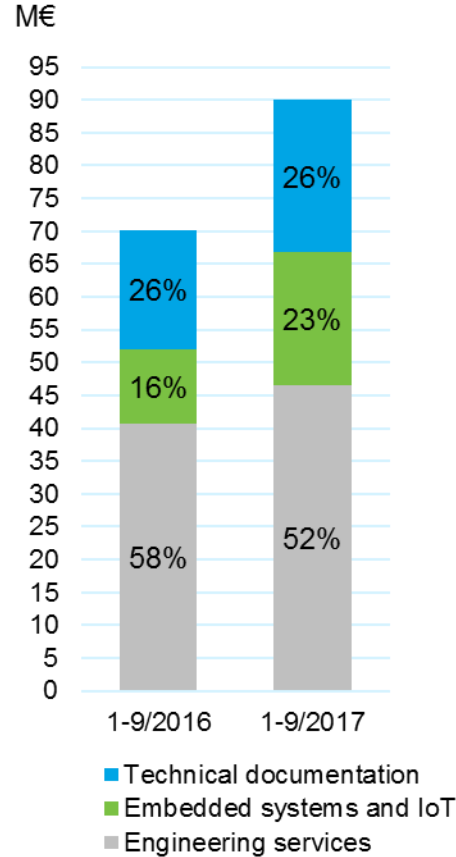


# Development by service area 1-9/2017

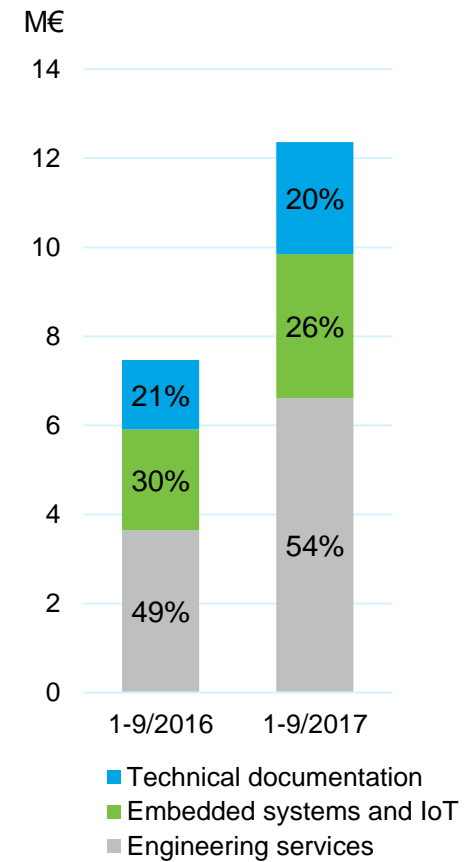
Revenue



Revenue from Managed Services



EBIT from business operations



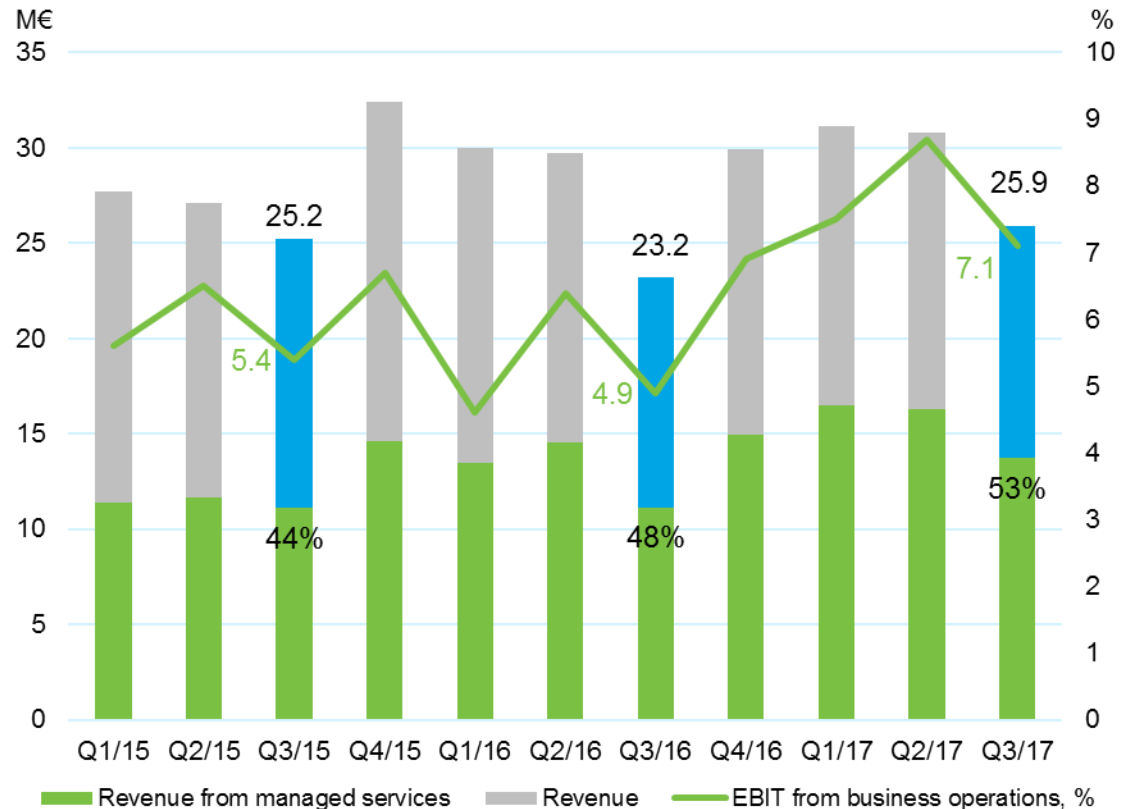


# Engineering services

Revenue 7-9/2017: EUR 25.9 million (7-9/2016: EUR 23.2 million )

Revenue 1-9/2017: EUR 87.7 million (1-9/2016: EUR 82.9 million )

- Revenue increased in July-September by 11.3%.
- In July-September EBIT from business operations was EUR 1.8 million (EUR 1.1 million) or 7.1% (4.9%) of revenue.
- Growth in the share of Managed Services and good utilization rate improved profitability.
- Outsourcing agreements signed in 2016 improved revenue growth.
- The demand for new product development and equipment engineering projects continued good.
- Some new plant engineering investments were started.

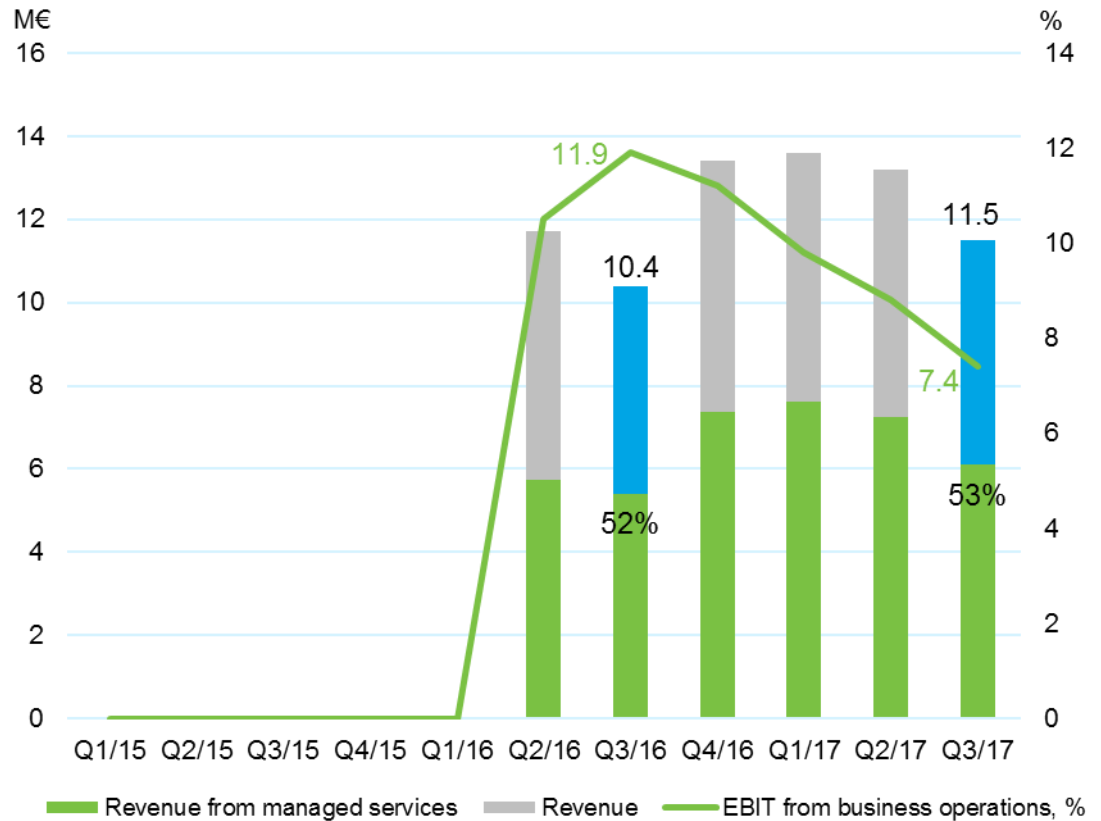


# Embedded systems and IoT

Revenue 7-9/2017: EUR 11.5 million (7-9/2017: EUR 10.4 million)

Revenue 1-9/2017: EUR 38.3 million (1-9/2017: EUR 22.0 million)

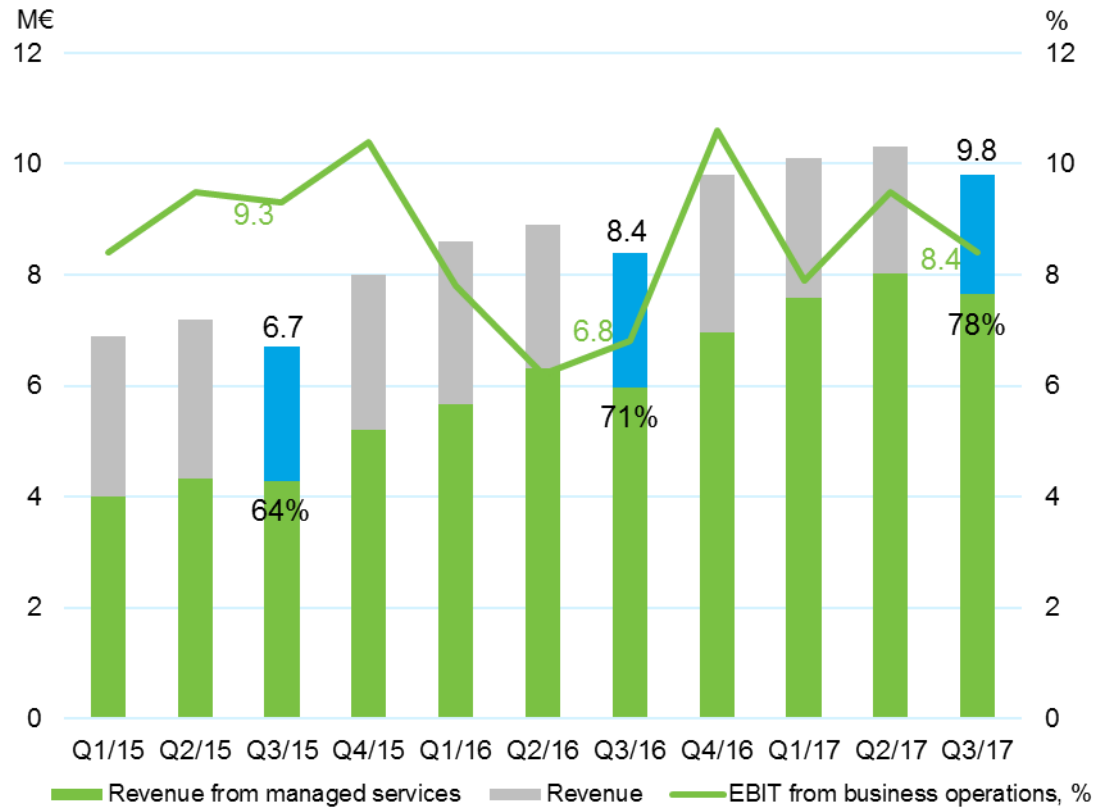
- Revenue increased in July-September by 10.3%.
- In July-September EBIT from business operations was EUR 0.9 million (EUR 1.2 million) or 7.4% (11.9%) of revenue.
- The excess hours in some long-term projects weighed down profitability in Q2-Q3. Corrective actions are ongoing.
- Demand situation remained very good in all market areas.
- The lower availability of specialized experts in certain areas affected the development of revenue.



# Technical documentation

Revenue 7-9/2017: EUR 9.8 million (7-9/2016: EUR 8.4 million )  
 Revenue 1-9/2017: EUR 30.2 million (1-9/2016: EUR 25.9 million )

- Revenue increased in July-September by 16.6%.
- In July-September EBIT from business operations was EUR 0.9 million (EUR 0.6 million) or 8.4% (6.8%) of revenue.
- The good development was again characterized by strong organic growth and the success of the outsourcing business.

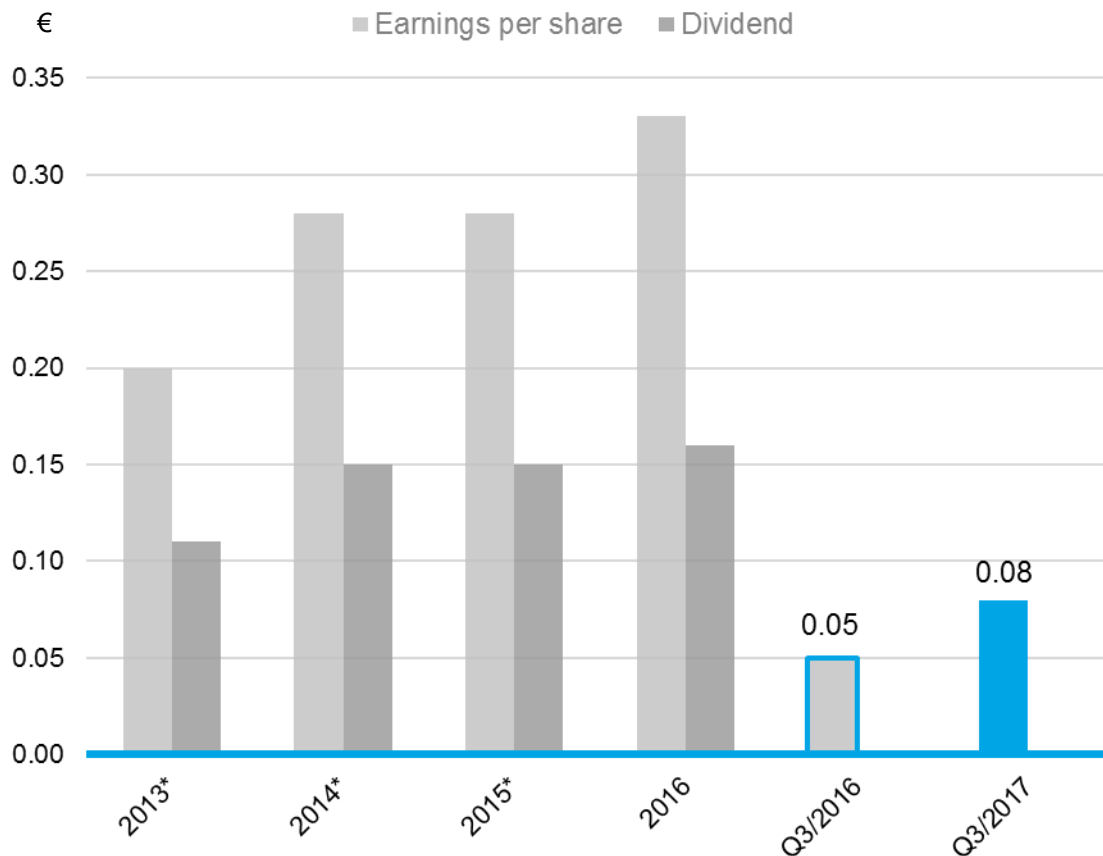


# Earnings per share and dividends

Earnings per share 7-9/2017: EUR 0.08 (7-9/2016: EUR 0.05)

Earnings per share 1-9/2017: EUR 0.33 (1-9/2016: EUR 0.20)

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



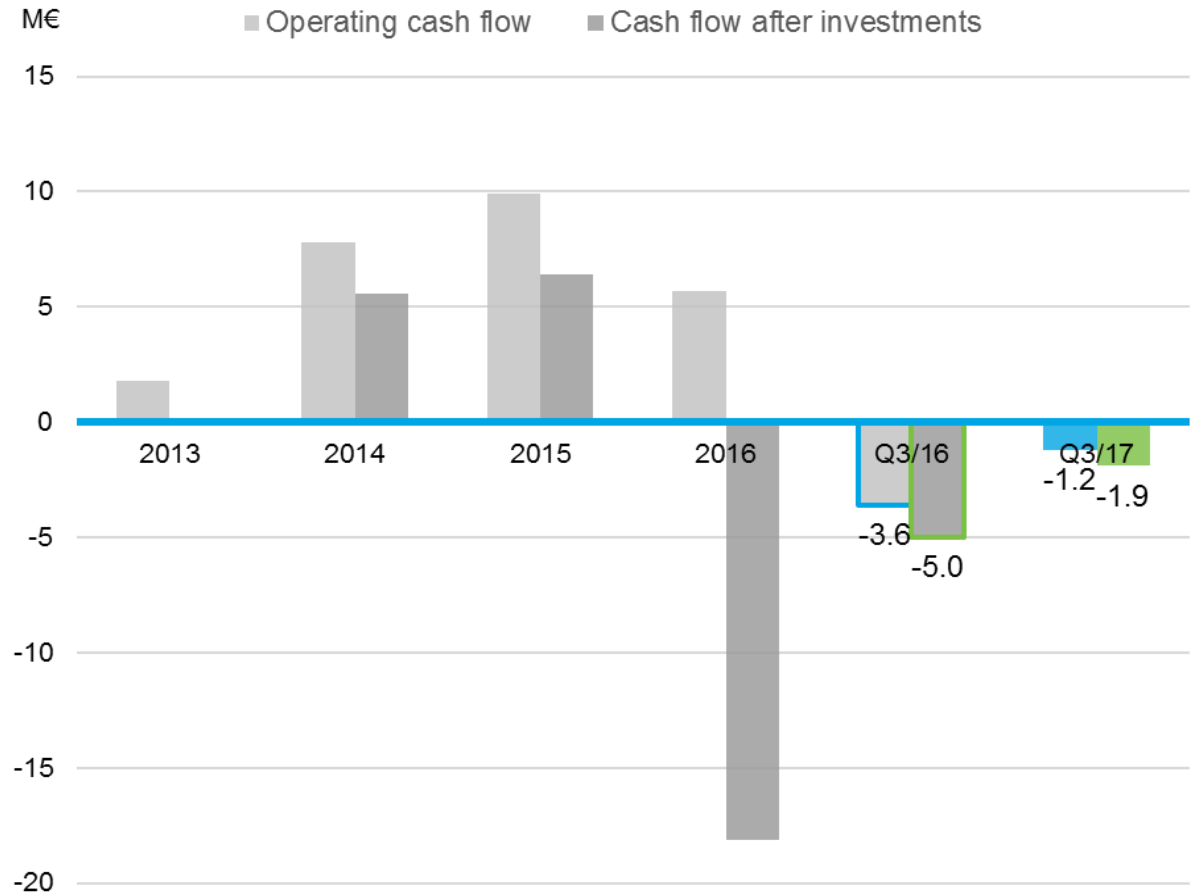
\*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

# Cash flow

Operating cash flow 7-9/2017: EUR -1.2 million (7-9/2016: EUR -3.6 million)

Operating cash flow 1-9/2017: EUR 6.1 million (1-9/2016: EUR -4.2 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 particularly in the companies acquired in 2016.
- Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

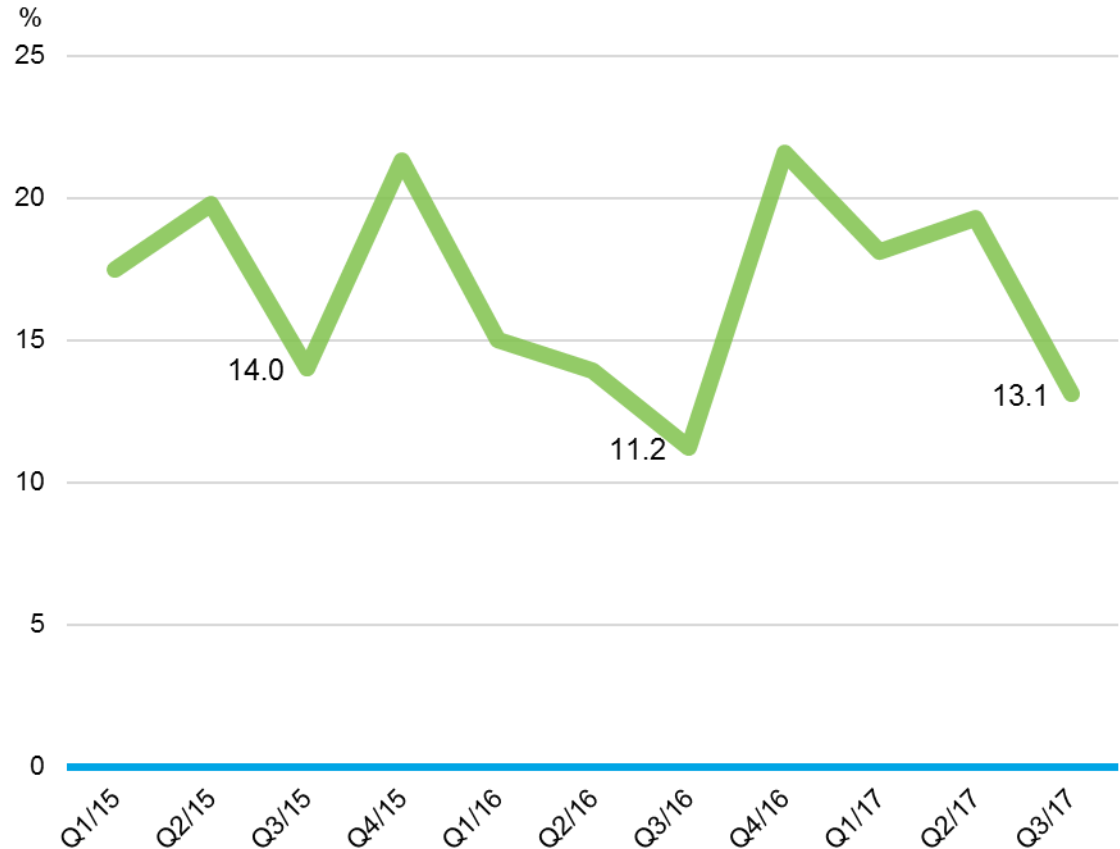


# Return on capital employed (ROCE), %

7-9/2017: 13.1% (7-9/2016: 11.2%)

1-9/2017: 16.5% (1-9/2016: 12.1%)

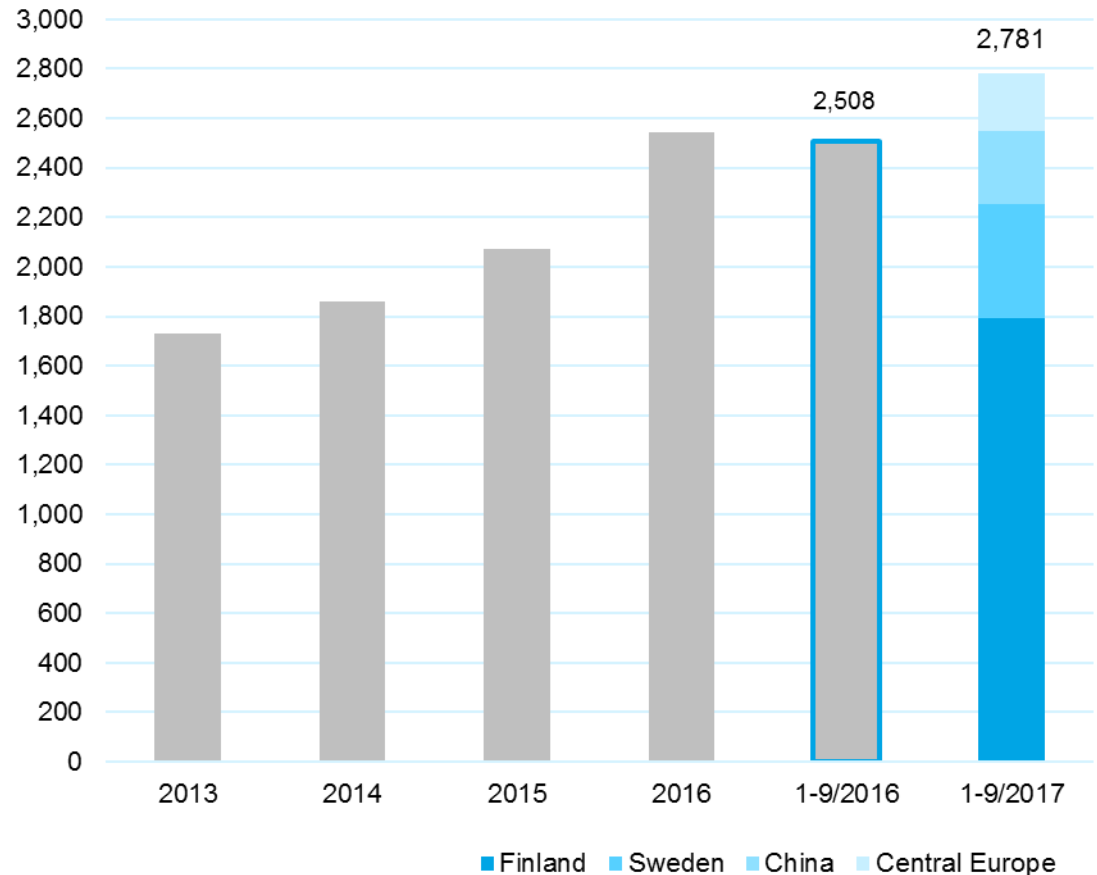
- Engineering services business does not tie significant capital. For this reason return on capital employed should be at least 20%.



# Personnel at end of the period

1-9/2017: 2,781 (1-9/2016: 2,508)

- The amount of personnel grew by 10,9% year-on-year.
- At the end of the review period, 988 (Sept 30, 2016: 833) people were employed by the Group outside of Finland.



# Income statement

(MEUR)	1-9/2017	1-9/2016	Change %	1-12/2016
Revenue	156.2	130.8	19.5	183.9
Other operating income	0.2	0.4		0.5
Materials and services	-14.0	-8.9		-13.9
Staff costs	-106.4	-93.4		-129.2
Other operating expenses	-21.1	-19.1		-26.4
Depreciation and amortization	-4.0	-3.6		-4.8
<b>Operating profit (EBIT)</b>	<b>10.9</b>	<b>6.1</b>	<b>78.8</b>	<b>10.1</b>
Financial income	0.3	0.7		0.6
Financial expenses	-0.8	-1.1		-1.2
Profit before taxes	10.5	5.7	85.0	9.4
Income taxes	-2.3	-1.0		-1.8
<b>Profit for the review period</b>	<b>8.1</b>	<b>4.7</b>		<b>7.6</b>



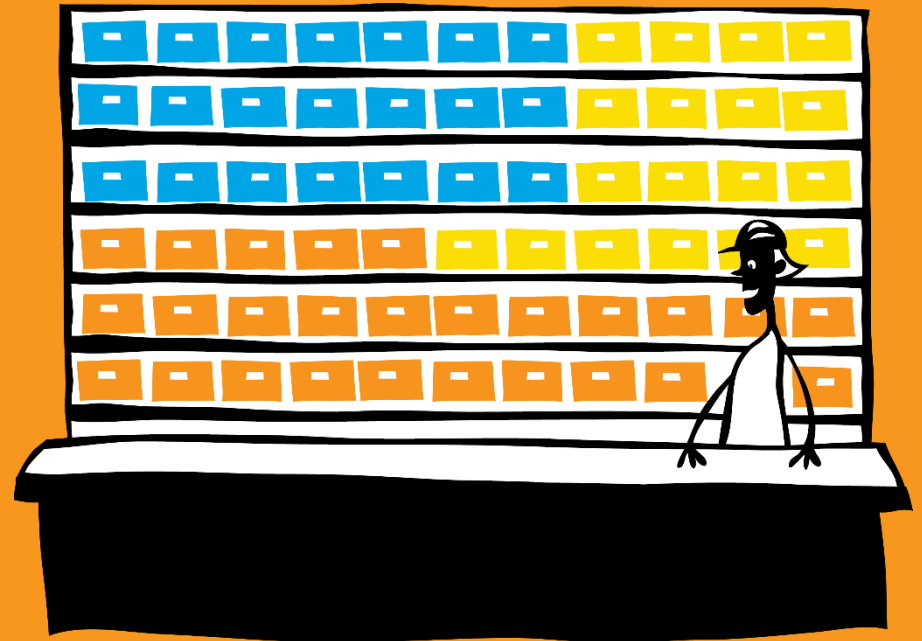
# Balance sheet

(MEUR)

Sep 30, 2017    Sep 30, 2016    Dec 31, 2016

Goodwill	59.5	57.4	58.1
Other non-current assets	22.7	22.5	22.0
<b>Non-current assets, total</b>	<b>82.2</b>	<b>79.9</b>	<b>80.2</b>
Inventory	0.4	0.3	0.3
Trade and other receivables	49.8	43.0	49.3
Cash and cash equivalents	4.6	3.8	4.7
<b>Current assets, total</b>	<b>54.7</b>	<b>47.1</b>	<b>54.3</b>
<b>TOTAL ASSETS</b>	<b>136.9</b>	<b>127.0</b>	<b>134.5</b>
Equity, total	54.9	49.8	52.8
Non-current liabilities, total	23.8	30.2	27.7
Current liabilities, total	58.2	47.0	54.0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>136.9</b>	<b>127.0</b>	<b>134.5</b>

# Etteplan's targets



# We are progressing towards our targets

## FINANCIAL TARGETS

**15%**

On average annual  
revenue growth

1-9/2017: 19.5%

**10%**

EBIT from business  
operations

1-9/2017: 7.9%

**65%**

Managed Services  
share of revenue by  
2019

1-9/2017: 57%

**>30%**

Equity ratio

1-9/2017: 40.7%

## ACTIONS

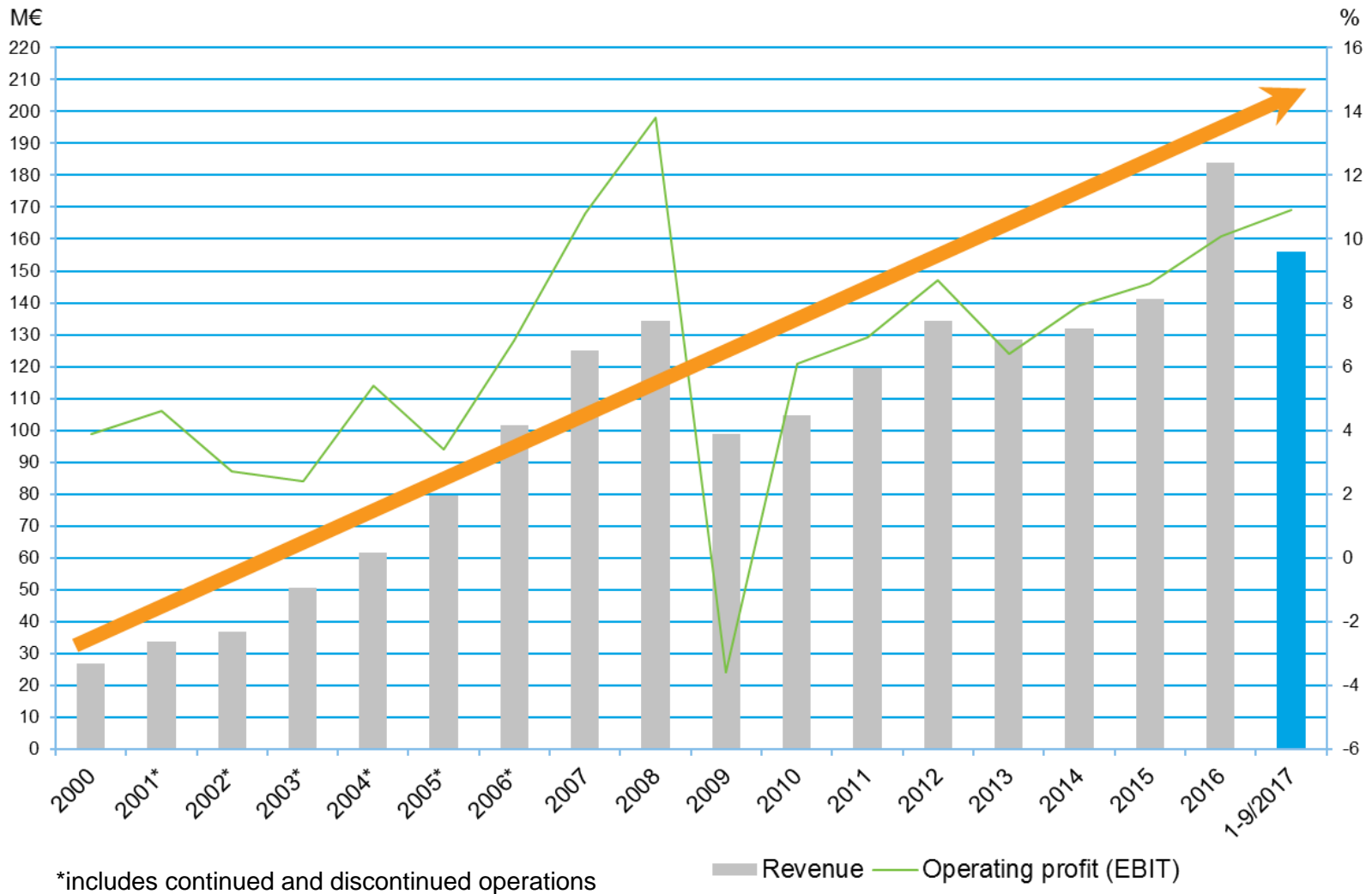
- Growth in key customers
- Organic growth through service solutions
- Acquisitions

- 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



# IR contacts



Juha Näkki  
President and CEO  
Tel. +358 10 307 2077

Outi Tornainen  
Senior Vice President,  
Communications and Marketing  
Tel. + 358 40 5121 375

Per-Anders Gådin  
Senior Vice President, Finance  
Tel. +46 70 399 7929



# Engineering with a difference