



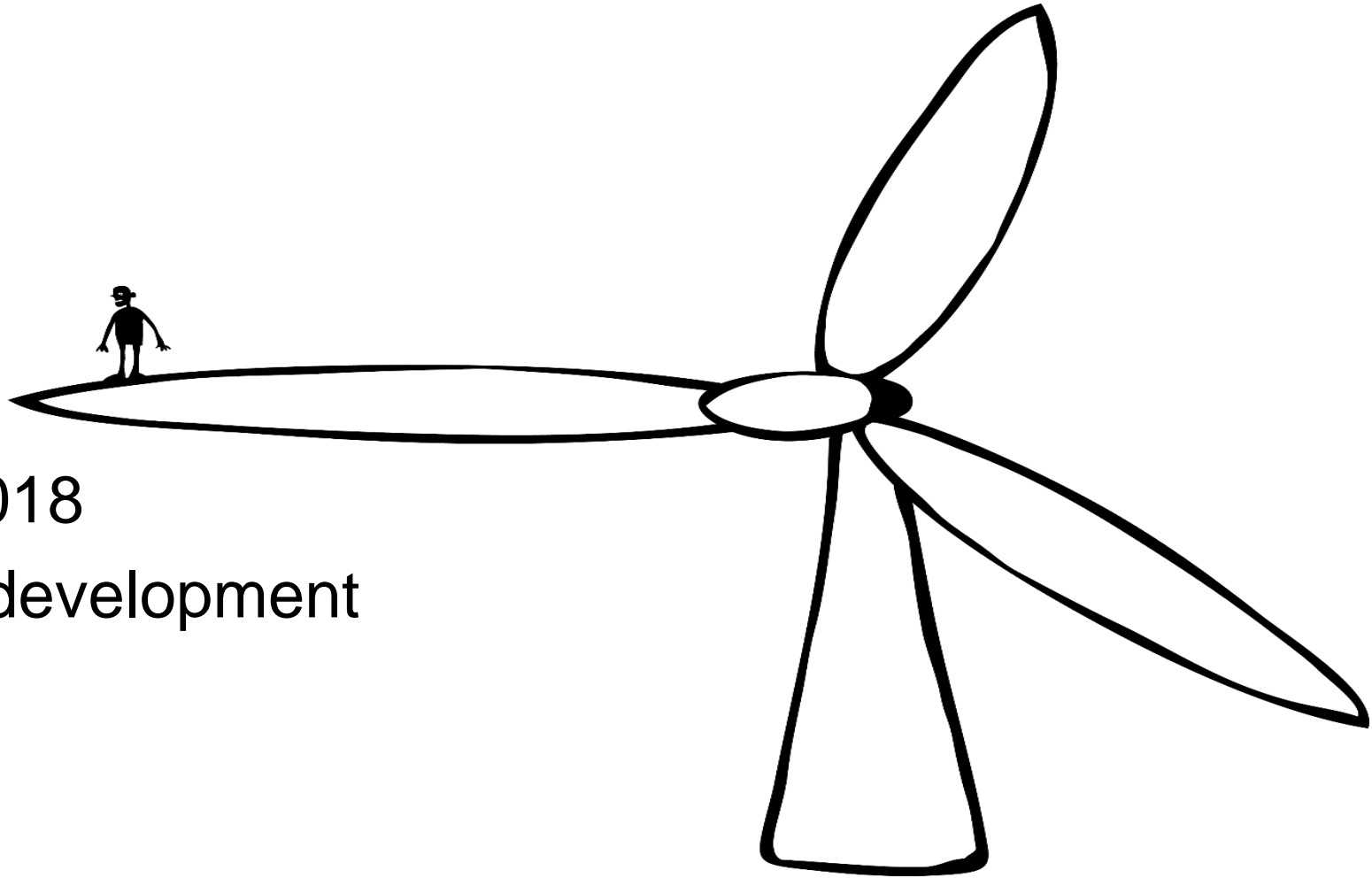
# Q3/2018: Operating profit improved by more than 50 per cent

January-September 2018  
Interim Report

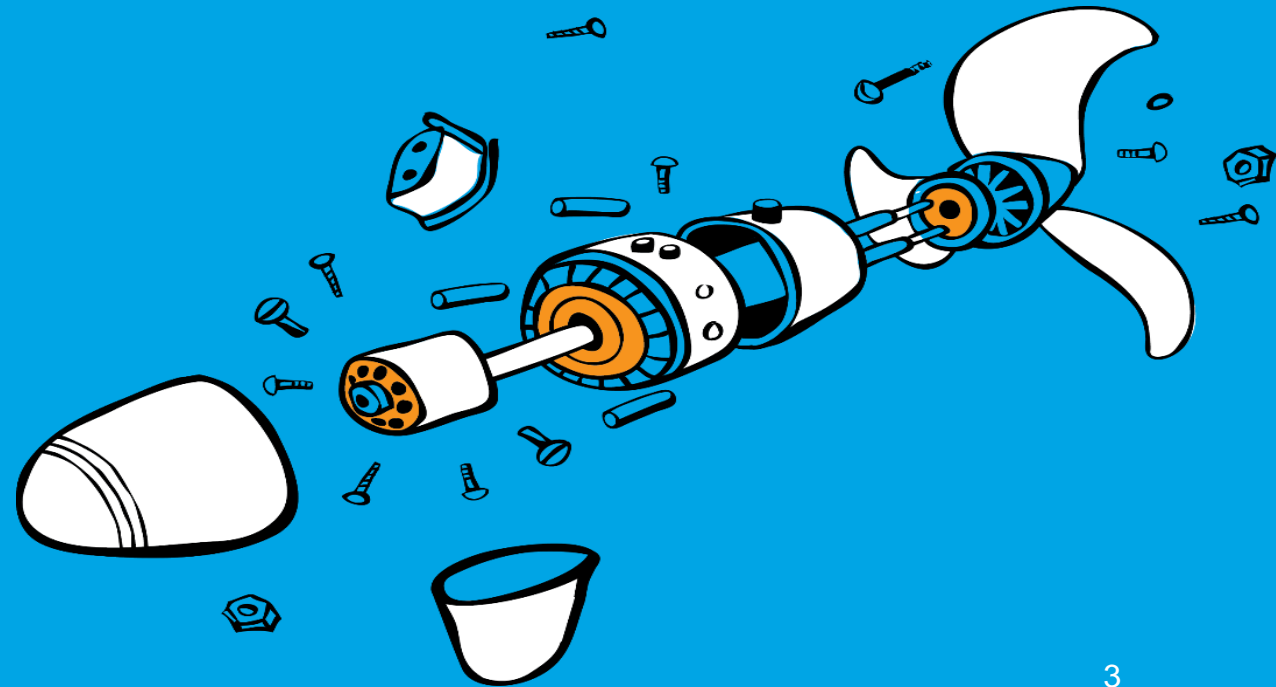
President and CEO  
Juha Näkki  
October 30, 2018

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- Etteplan's targets



# Highlights of Q3/2018



# Highlights

## 7-9/2018

- + Our strong operational performance enabled us to achieve a record-high profitability for the third quarter.
  - + Engineering services service area reached again the 10% target level.
  - + The measures taken in the Embedded systems and IoT service area produced good results and profitability improved close to our target level.
- + Revenue grew by 13.7% with comparable exchange rates.
  - + Organic growth was 8.9% with comparable exchange rates.
  - + Eatech acquisition boosted growth.
  - + Hours sold to China increased by 34%.
- The Technical documentation service area did not meet our expectations and growth slowed down.
  - Our customers invested less in new operating models than in the strong comparison period. In addition, a significant project delivery in Germany was delayed further.

# Operating environment continued to develop positively

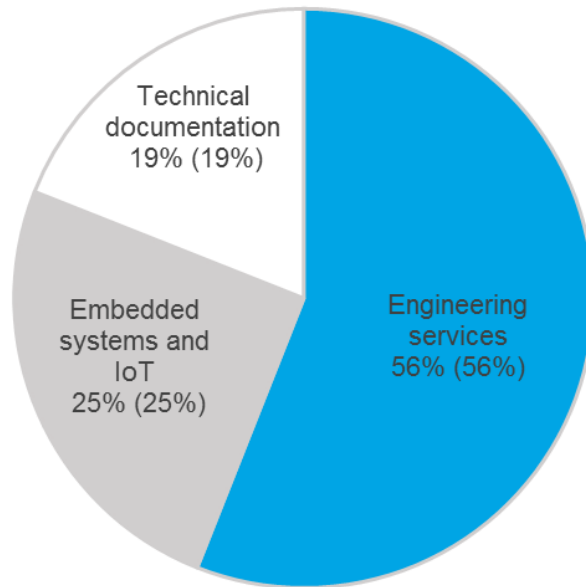
- Our operating environment developed favorably and the market situation is good in all market areas.
  - The prevailing political situation has increased uncertainty in the markets to some extent.
- There were no significant changes in the demand for our services by customer industry, but customer-specific differences were still substantial.
- Companies are directing investments to digitalization-related services.
- Outsourcing and centralizing services purchasing trends continue.
- Competition for employees in the good market situation and the lower availability of specialized experts in certain areas are affecting the development of the sector as a whole in all market areas.

## Market development in Etteplan's main markets in January-September 2018

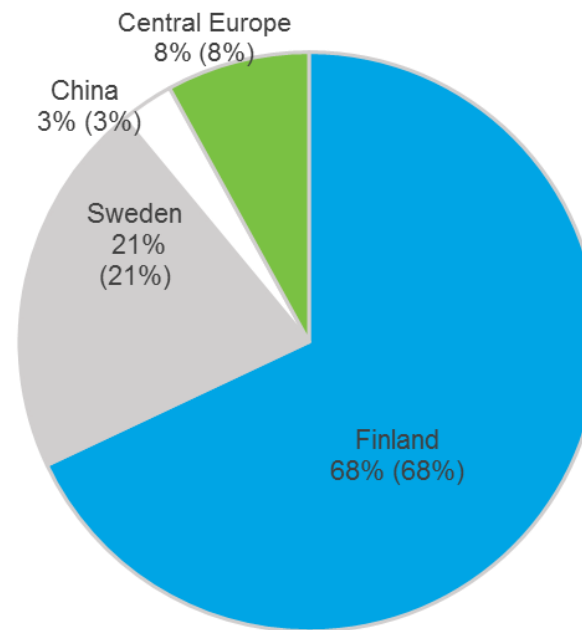
- Finland: the market situation remained at a good level.
- Sweden: demand situation remained on a very good level.
- Germany, the Netherlands and Poland: the demand remained at a good level.
- China: demand was at a good level, and the opening up of the service market continued.

# Revenue and personnel 1-9/2018

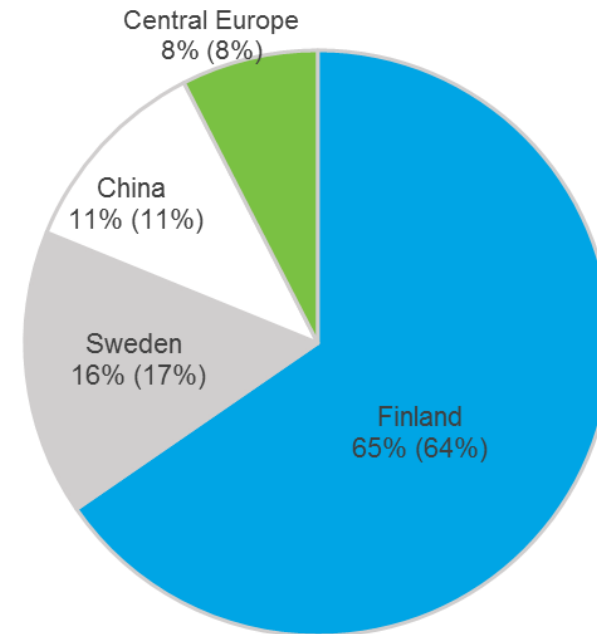
## Revenue by service area



## Revenue by country

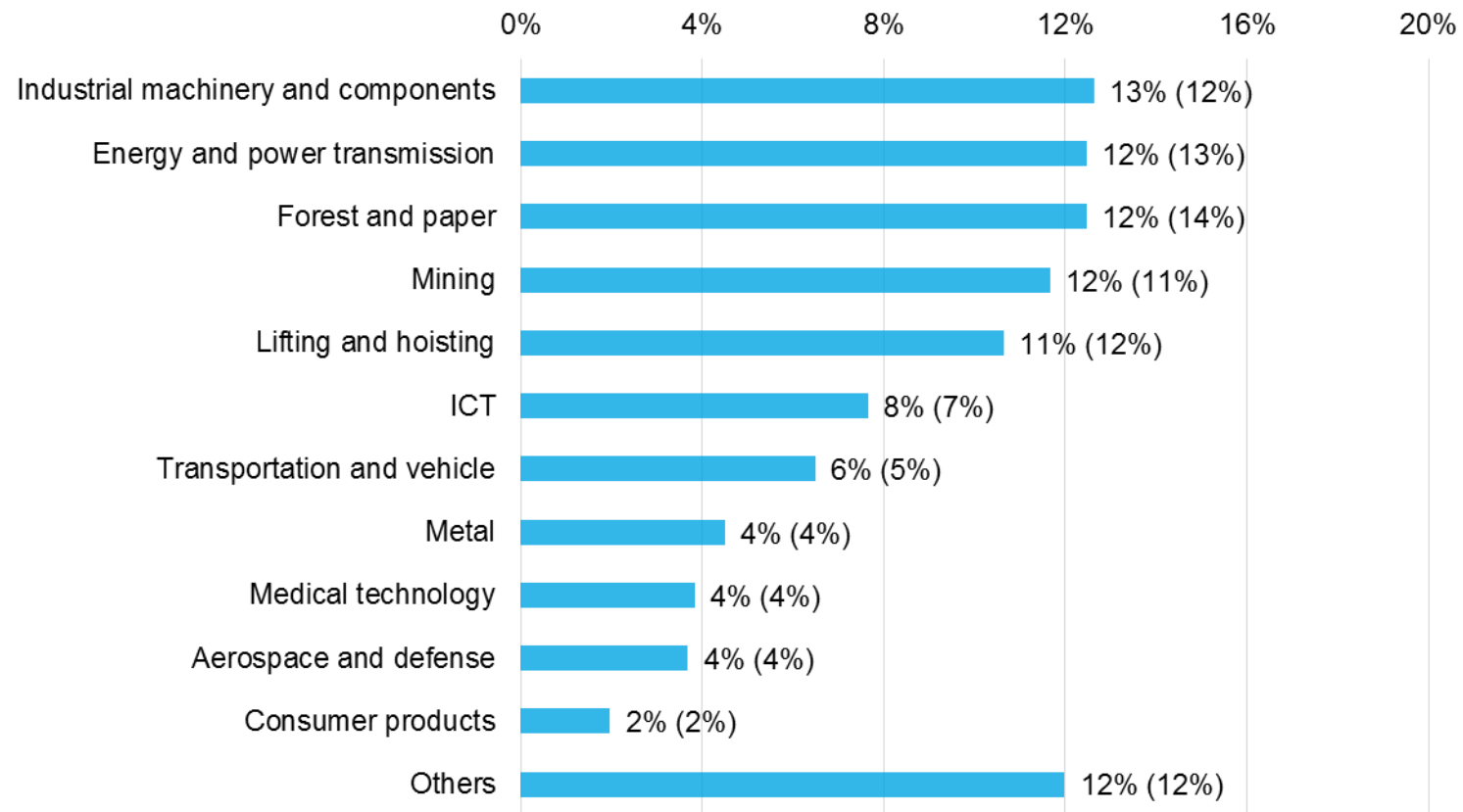


## Personnel by country



# Revenue 1-9/2018

## Revenue by customer segment





# Key figures 7-9/2018

(EUR 1,000)	7-9/2018	7-9/2017	Change %
Revenue	52,595	47,132	11.6
EBIT from business operations	4,824	3,364	43.4
EBIT from business operations, %	9.2	7.1	
Operating profit (EBIT)	4,385	2,887	51.9
EBIT, %	8.3	6.1	
Basic earnings per share, EUR	0.13	0.08	62.5
Equity ratio, %	42.0	40.7	
Operating cash flow	-521	-1,209	143.1
ROCE, %	20.1	13.1	
Managed Services Index	54	57	-5.3
Personnel at end of the period	3,050	2,781	9.7

# Key figures 1-9/2018

(EUR 1,000)	1-9/2018	1-9/2017	Change %
Revenue	173,590	156,248	11.1
EBIT from business operations	15,741	12,362	27.3
EBIT from business operations, %	9.1	7.9	
Operating profit (EBIT)	14,453	10,932	32.2
EBIT, %	8.3	7.0	
Basic earnings per share, EUR	0.44	0.33	33.3
Equity ratio, %	42.0	40.7	
Operating cash flow	7,225	6,096	
ROCE, %	21.1	16.5	
Managed Services Index	54	57	-5.3
Personnel at end of the period	3,050	2,781	9.7

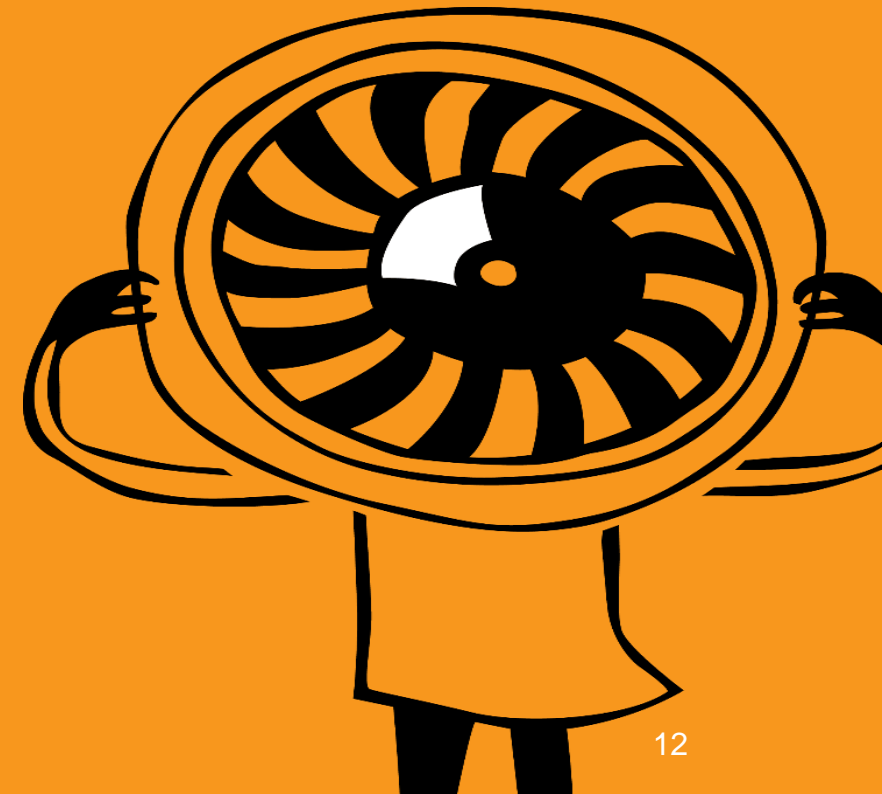
## **Market outlook 2018**

The most important factor affecting 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 is good. In Asia, the growth of the service market is expected to continue.

## **Financial guidance 2018, updated on August 14, 2018**

We expect the revenue for the year 2018 to grow clearly and the operating profit for the year 2018 to grow significantly compared to 2017.

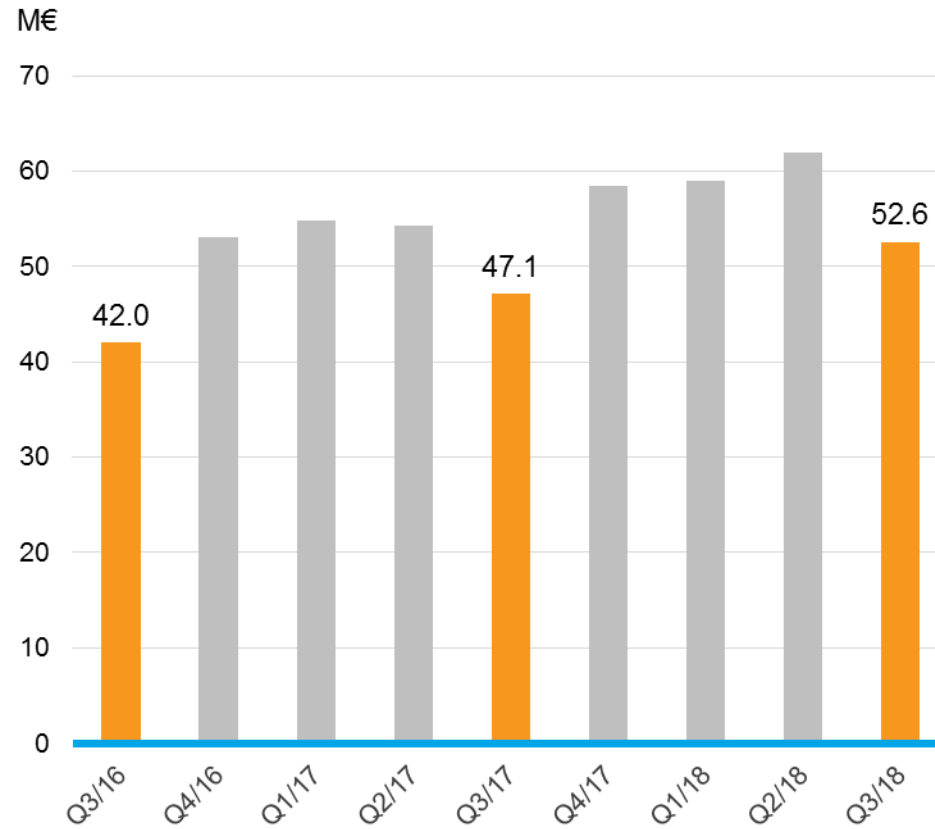
# Q3 2018 Financial Development



# Revenue

7-9/2018: 52.6 M€  
(7-9/2017: 47.1 M€)

1-9/2018: 173.6 M€  
(1-9/2017: 156.2 M€)



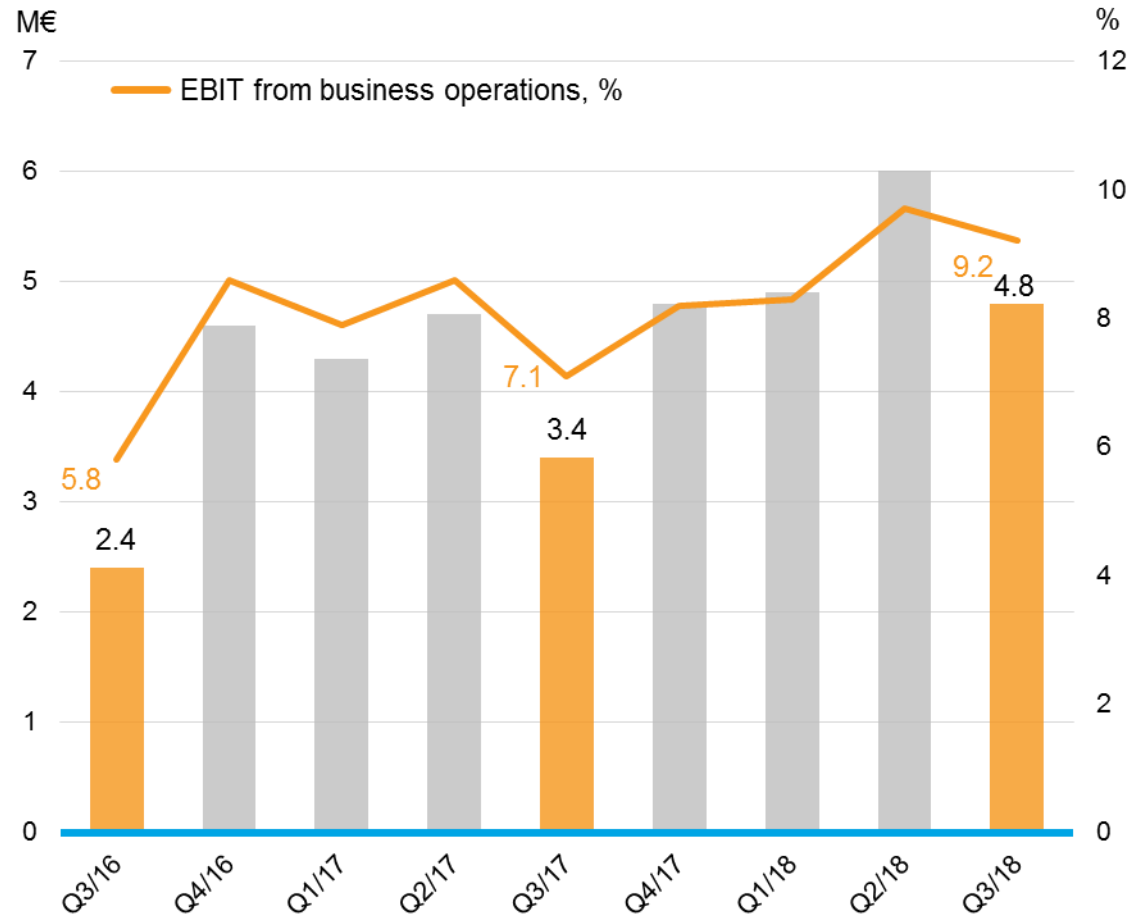
- Q1-Q3: Revenue from key accounts grew by 5.9%.
- Growth continued in the good demand situation. Service offering, strong market position and Eatech acquisition supported the growth.
- Significant project delivery was further delayed in Germany.

	Revenue growth, %	With comparable exchange rates
Q3 Growth	11.6	13.7
Q3 Organic growth	6.8	8.9
Q1-Q3 Growth	11.1	12.8
Q1-Q3 Organic growth	7.6	9.3

# EBIT from business operations

7-9/2018: 4.8 M€, 9.2%  
(7-9/2017: 3.4 M€, 7.1%)

1-9/2018: 15.7 M€, 9.1%  
(1-9/2017: 12.4 M€, 7.9%)



- Q3: Exceptional items had an effect of EUR -0.3 (-0.1) million.

- Operative efficiency improved profitability.
- Profitability was improved in Engineering services and Embedded systems and IoT service areas; and slightly decreased in Technical documentation service area.

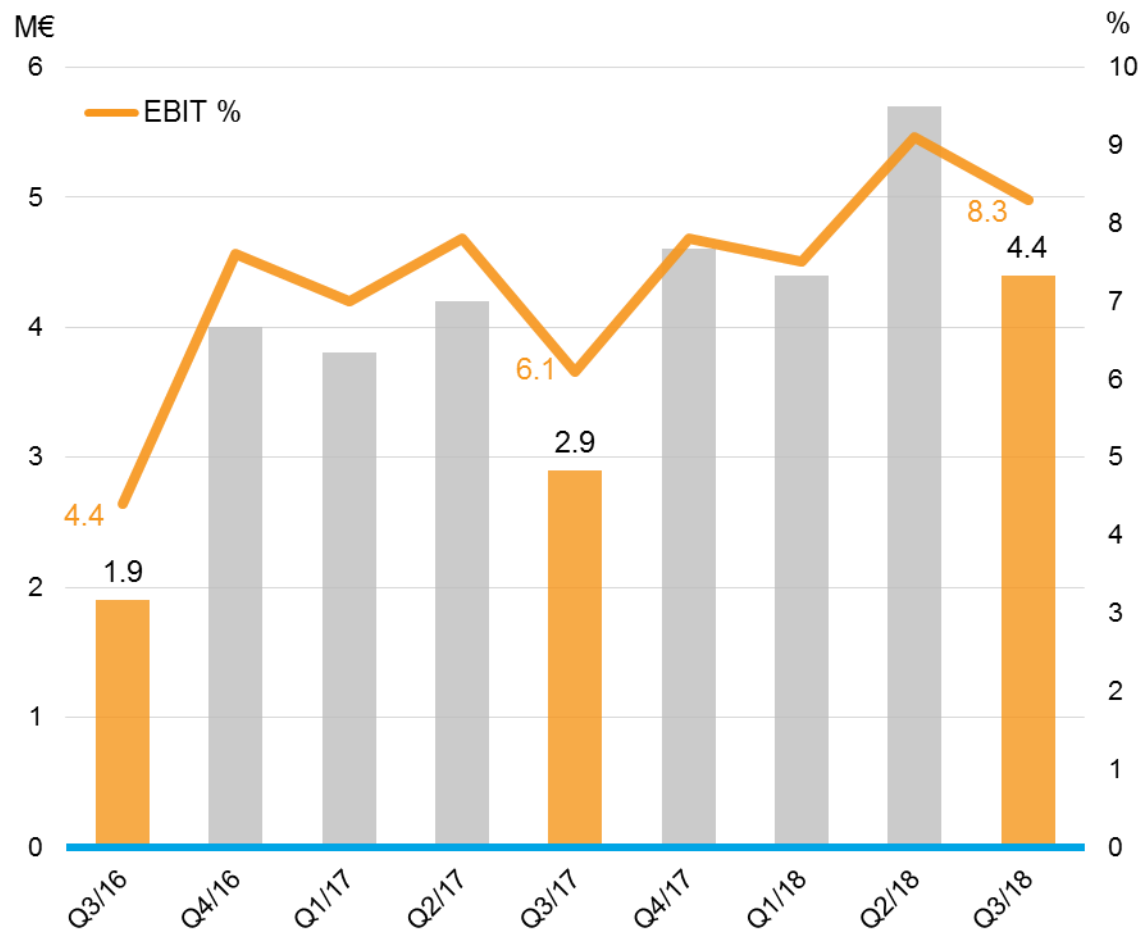
# Operating profit (EBIT) and EBIT %

7-9/2018: 4.4 M€, 8.3%

(7-9/2017: 2.9 M€, 6.1%)

1-9/2018: 14.5 M€, 8.3%

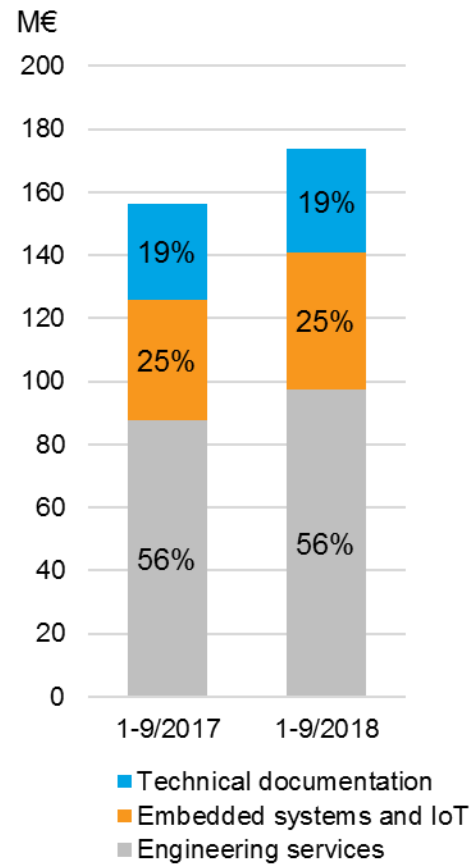
(1-9/2017: 10.9 M€, 7.0%)



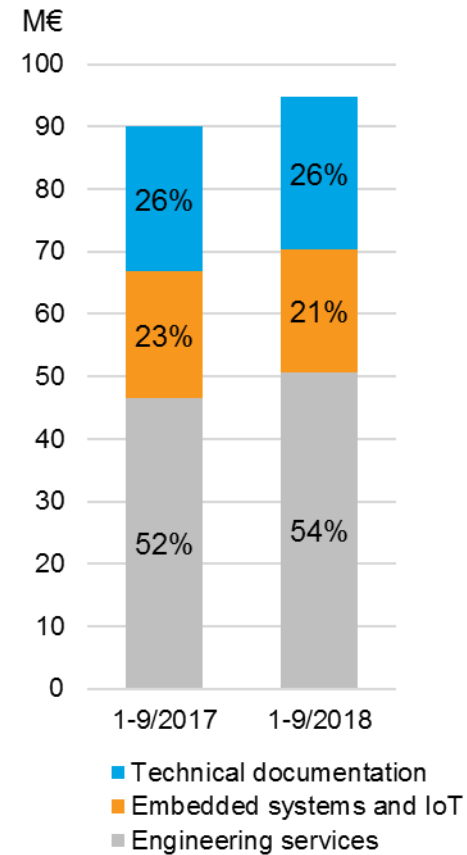
- Q3: Exceptional items had an effect of EUR -0.0 (-0.1) million.
- Amortization related to acquisitions were EUR 0.7 million in Q3 and 1.7 million in Q1-Q3.

# Development by service area 1-9/2018

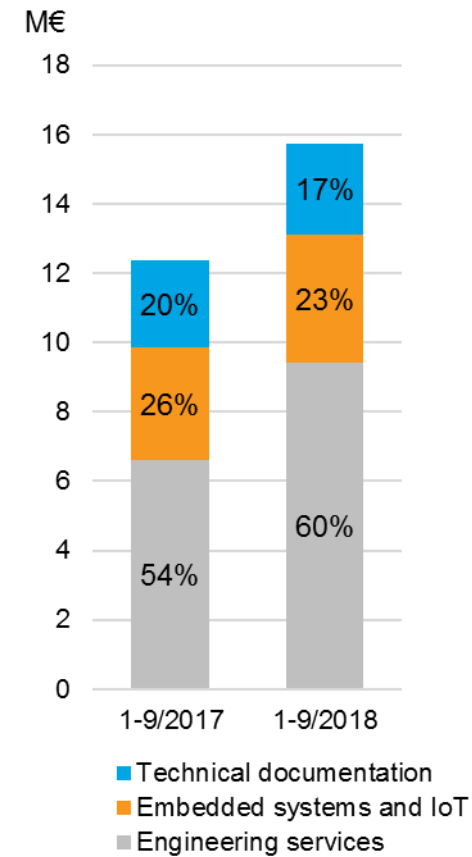
Revenue



Revenue from Managed Services



EBIT from business operations



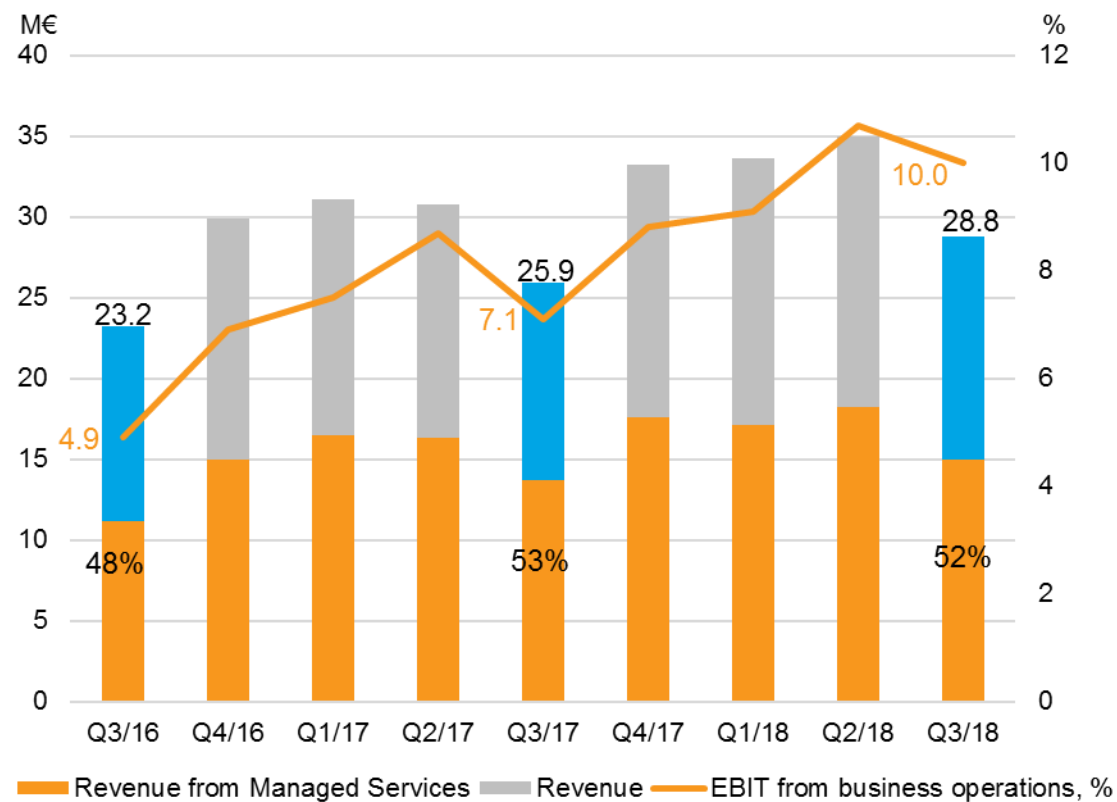


# Engineering services

## Revenue

7-9/2018: 28.8 (25.9) M€

1-9/2018: 97.5 (87.7) M€



- Excellent development continued in the favorable market situation.
- The excellent operational efficiency improved profitability.
- Industrial investments remained at a good level: the demand for new product development and equipment engineering projects as well as plant engineering investments remained good.

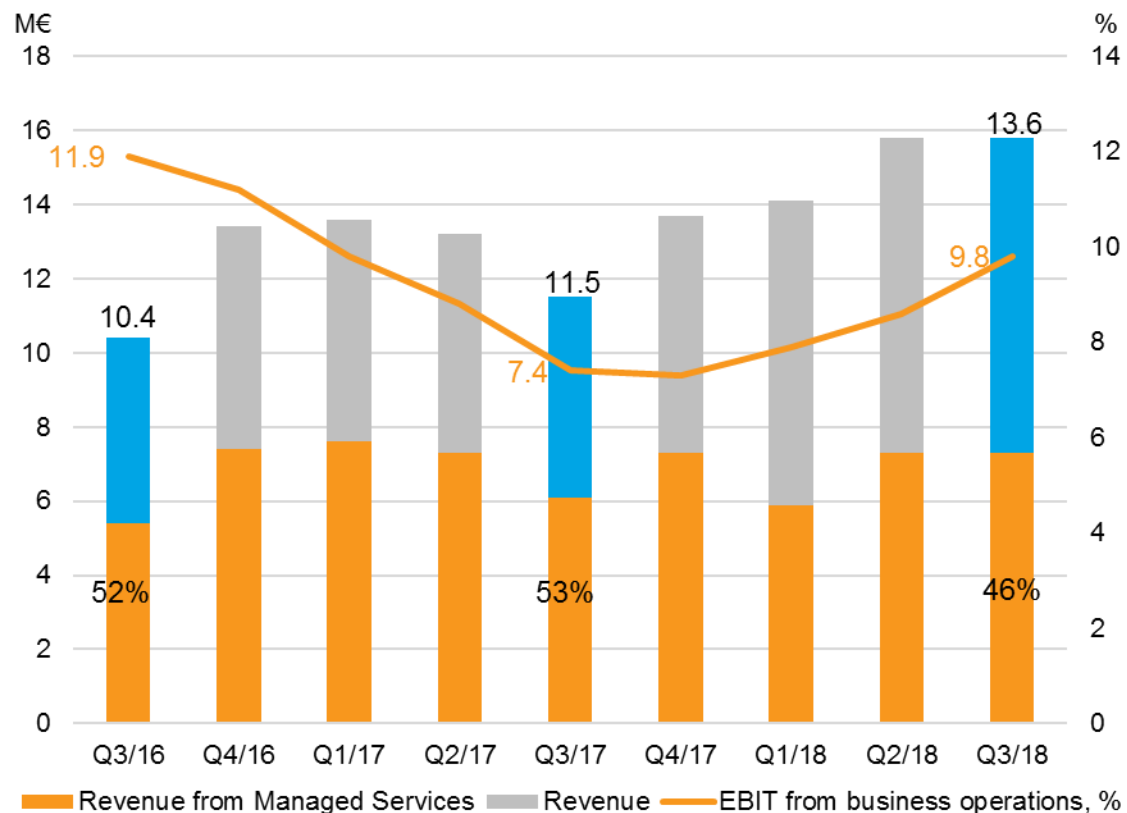
	Q3 2018	Q3 2017
Revenue growth, %	11.4	11.3
EBIT from business operations, M€	2.9	1.8
% of revenue	10.0	7.1

# Embedded systems and IoT

## Revenue

7-9/2018: 13.6 (11.5) M€

1-9/2018: 43.5 (38.3) M€



	Q3 2018	Q3 2017
Revenue growth, %	18.7	10.3
EBIT from business operations, M€	1.3	0.9
% of revenue	9.8	7.4

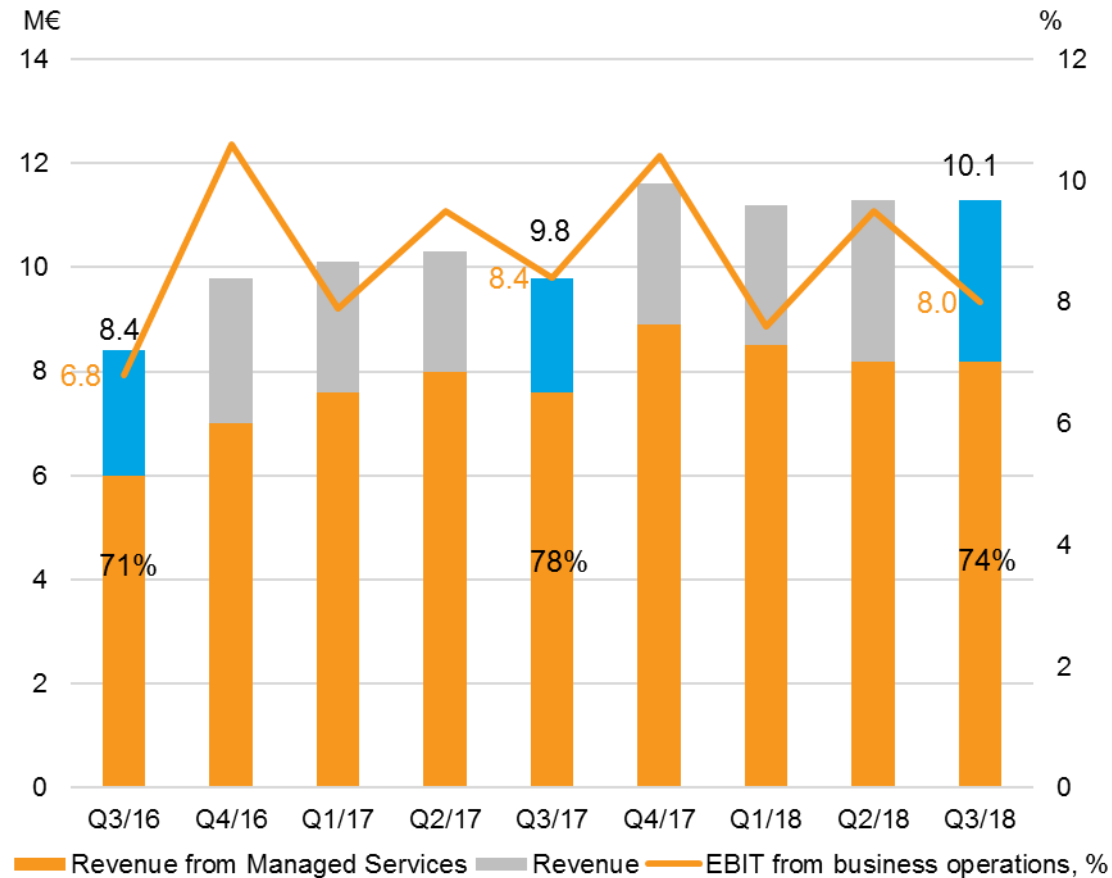
- Eatech acquisition boosted growth.
- The reduced availability of competent professionals affected growth.
- Due to the measures taken to improve the efficiency of the project business, the service area's profitability improved but the share of Managed Services decreased compared to the same period last year.

# Technical documentation

## Revenue

7-9/2018: 11.3 (10.3) M€

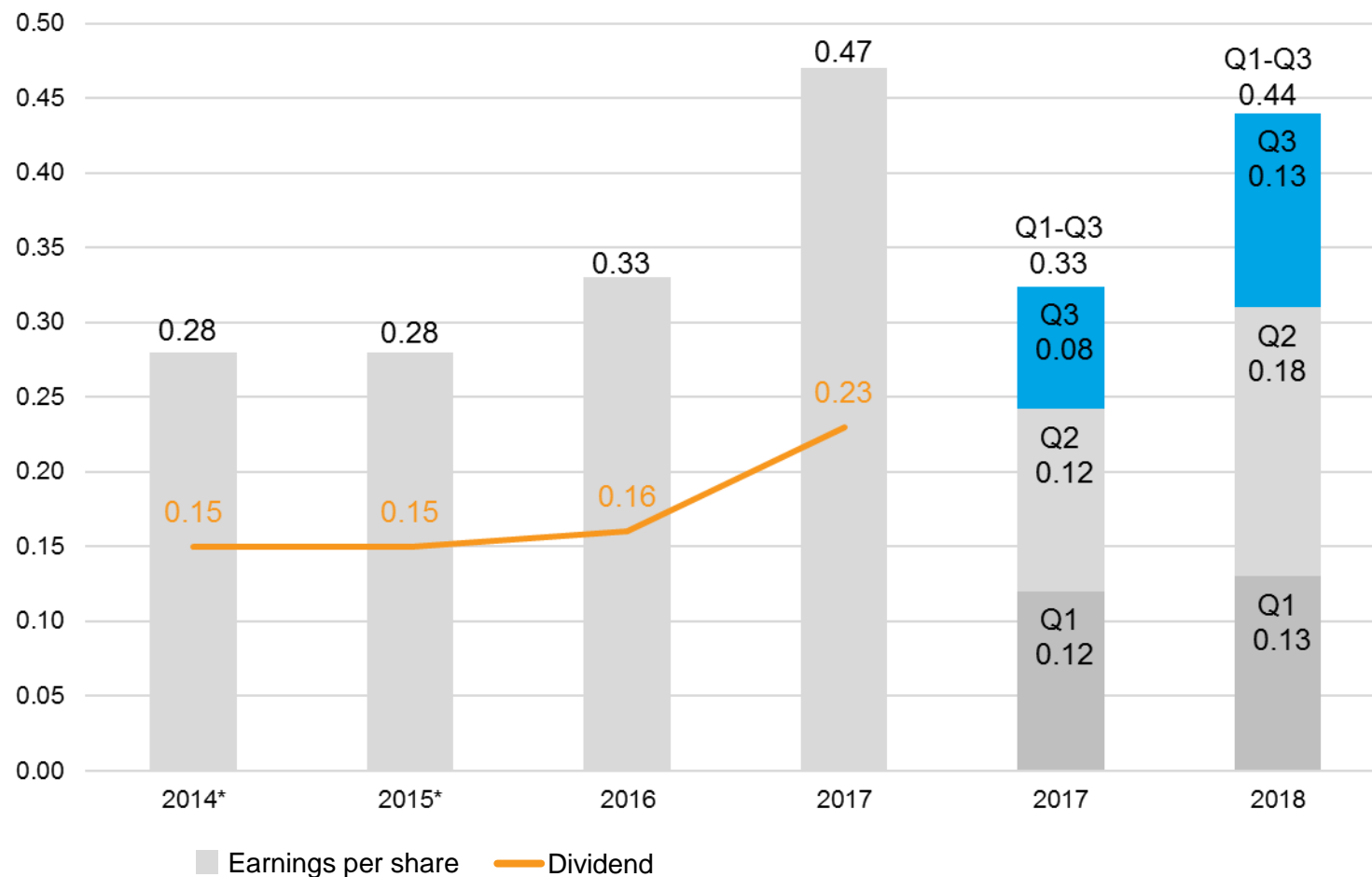
1-9/2018: 22.5 (20.4) M€



	Q3 2018	Q3 2017
Revenue growth, %	3.5	16.6
EBIT from business operations, M€	0.9	0.9
% of revenue	8.0	8.4

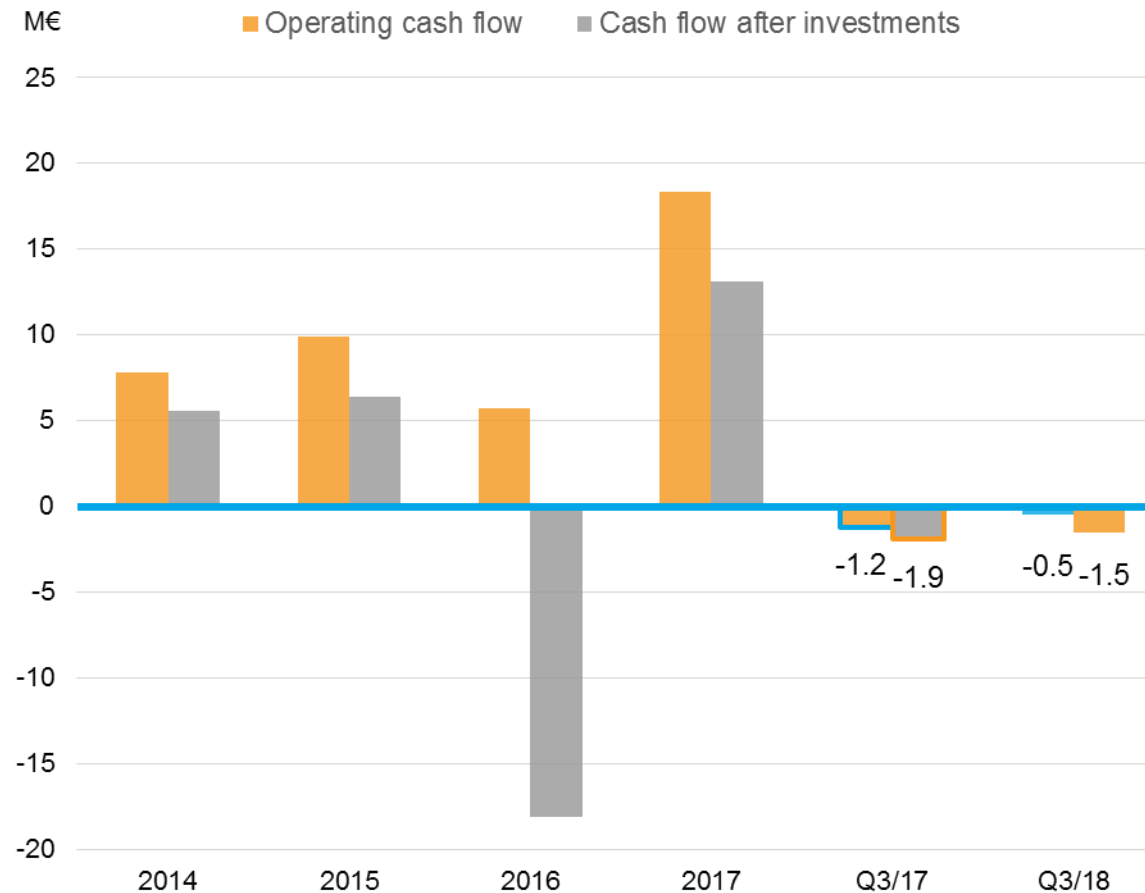
- The growth slowed down due to our customers investing less in new operating models compared to the strong comparison period.
- In addition, a significant project delivery in Germany was further delayed.
- Challenges related to certain customers in Germany decreased profitability.

# Earnings per share and dividends



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

- Operative cash flow improved.
- The accrual of cash flow was affected by an increase in trade receivables.
- Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.



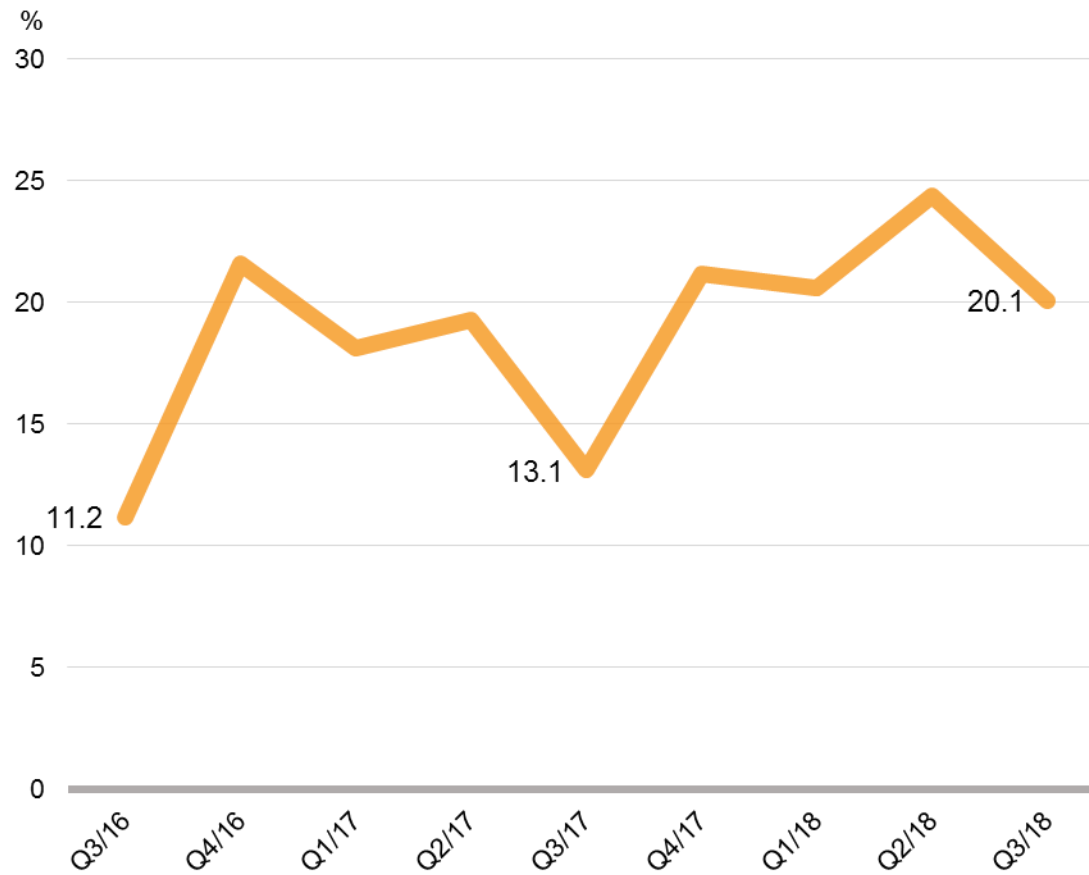
## Cash flow

Operating cash flow

7-9/2018: -0.5 (-1.2) M€

1-9/2018: 7.2 (6.1) M€

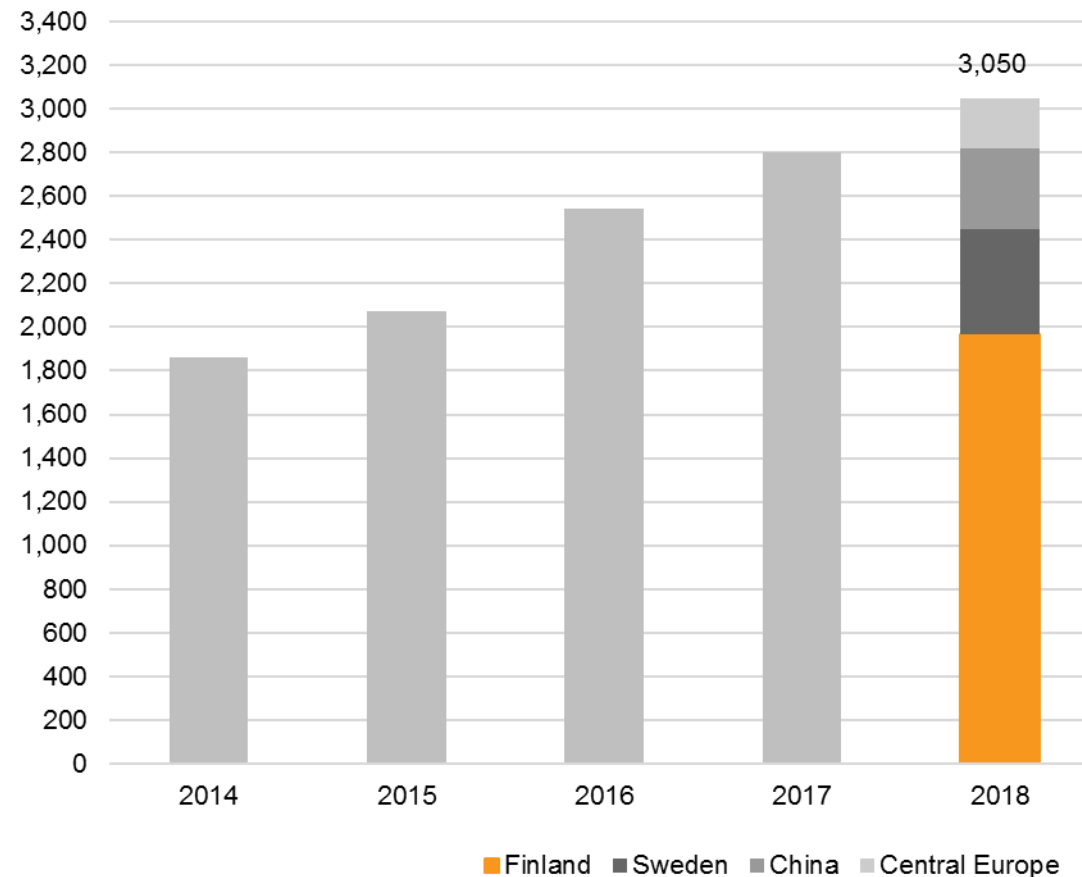
- Engineering services business does not tie significant capital. For this reason return on capital employed should be at least 20%.



## Return on capital employed (ROCE), %

1-9/2018: 21.1%  
(1-9/2017: 16.5%)

- The amount of personnel grew by 9.7% year-on-year.
- At the end of the review period, 1,084 (Sep 30, 2017: 988) people were employed by the Group outside of Finland.



## Personnel at the end of period

1-9/2018: 3,050  
(1-9/2017: 2,781)

# Income statement

(MEUR)	1-9/2018	1-9/2017	Change %	1-12/2017
Revenue	173.6	156.2	11.1	214.8
Other operating income	0.7	0.2		0.4
Materials and services	-15.9	-14.0		-20.4
Staff costs	-115.4	-106.4		-145.0
Other operating expenses	-24.4	-21.1		-29.0
Depreciation and amortization	-4.2	-4.0		-5.3
<b>Operating profit (EBIT)</b>	<b>14.5</b>	<b>10.9</b>	<b>32.2</b>	<b>15.5</b>
Financial income	1.1	0.3		0.5
Financial expenses	-1.7	-0.8		-1.3
Profit before taxes	13.9	10.5	33.1	14.7
Income taxes	-3.1	-2.3		-3.2
<b>Profit for the review period</b>	<b>10.9</b>	<b>8.1</b>	<b>33.7</b>	<b>11.6</b>



# Balance sheet

(MEUR)	Sep 30, 2018	Sep 30, 2017	Dec 31, 2017
Goodwill	66.5	59.5	59.0
Other non-current assets	26.3	22.7	22.3
<b>Non-current assets, total</b>	<b>92.7</b>	<b>82.2</b>	<b>81.3</b>
Inventory	0.4	0.4	0.3
Trade and other receivables	53.0	49.8	52.8
Cash and cash equivalents	6.4	4.6	10.1
<b>Current assets, total</b>	<b>59.8</b>	<b>54.7</b>	<b>63.2</b>
<b>TOTAL ASSETS</b>	<b>152.5</b>	<b>136.9</b>	<b>144.4</b>
Equity, total	63.1	54.9	57.9
Non-current liabilities, total	31.8	23.8	23.8
Current liabilities, total	57.6	58.2	62.7
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>152.5</b>	<b>136.9</b>	<b>144.4</b>

# Etteplan's targets



## FINANCIAL TARGETS

**15%**

On average annual  
revenue growth

1-9/2018: 11.1%

**10%**

EBIT from business  
operations

1-9/2018: 9.1%

**65%**

Managed Services  
share of revenue by  
2019

1-9/2018: 54%

**>30%**

Equity ratio

1-9/2018: 42.0%

## ACTIONS

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

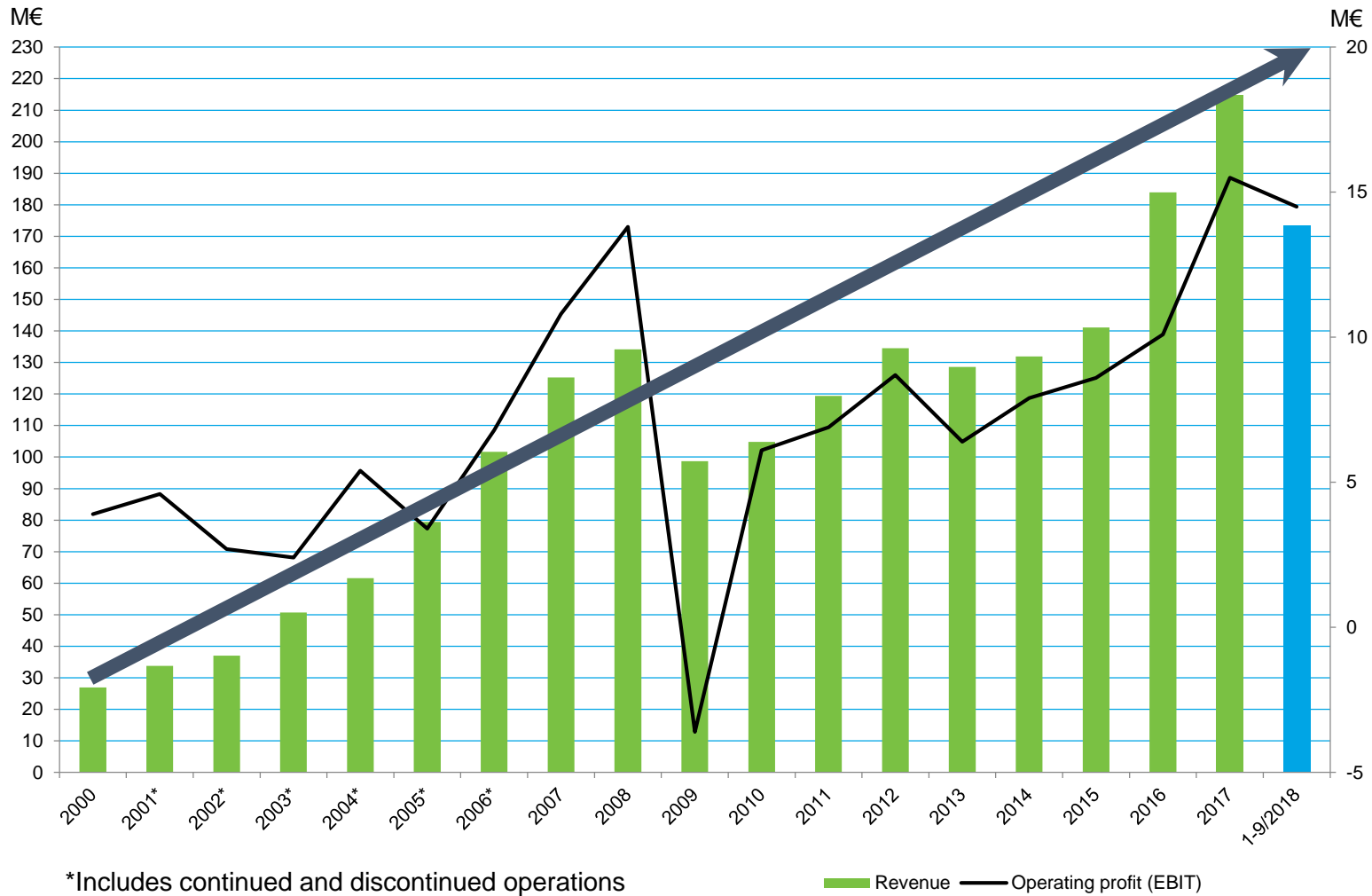
- Change in business model towards Managed services
- Market leadership

- Service solutions
- Technology solutions
- Project business

- Corresponding financing arrangements
- Improving cash flow

We are  
progressing  
towards our  
targets

# Revenue and EBIT 2000-2018



# Investor Relations contacts

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