Interim Report
January–March
2019

Q1

Etteplan

ETTEPLAN Oyj Interim Report May 8, 2019, at 1:00 pm

ETTEPLAN Q1 2019: Revenue and operating profit hit new records

Review period January-March 2019

- The Group's revenue grew by 11.3 per cent and was EUR 65.6 million (1-3/2018: EUR 59.0 million). At comparable exchange rates, growth was 12.2 per cent.
- Organic revenue growth was 7.0 per cent. At comparable exchange rates, organic growth was 7.9 per cent.
- Operating profit (EBITA) improved and amounted to EUR 6.4 (4.9) million or 9.8 (8.3) per cent of revenue.
- Operating profit (EBIT) was EUR 5.8 (4.4) million or 8.8 (7.5) per cent of revenue.
- Operating profit (EBITA) and operating profit (EBIT) included non-recurring items with a combined negative effect of EUR 0.2 (0.2) million.
- The profit for the review period was EUR 4.3 (3.3) million.
- Operating cash flow was EUR 5.4 (3.3) million.
- Undiluted earnings per share were EUR 0.17 (0.13).
- Etteplan adopted a new organizational structure on January 1, 2019, in order to boost its growth. Etteplan also made changes to the Management Group's division of responsibilities and revised its segment reporting.
- Etteplan started to measure its profitability using operating profit (EBITA) instead of EBIT from business operations. The Company updated its strategic and financial target concerning profitability on April 4, 2019. The target is to reach 10 per cent operating profit (EBITA) of revenue.
- Etteplan updated its financial guidance for 2019 and now expects the revenue and operating profit (EBIT) for the year 2019 to grow clearly compared to 2018.

Etteplan also monitors non-IFRS performance measures, because they provide information on Etteplan's strategic and financial development in addition to other key indicators. More information on performance measures is provided on page 21-22.

Etteplan renewed its organization and structure and made changes to its segment reporting effective from January 1, 2019. Starting from the beginning of 2019, the names of the service areas are Engineering Solutions; Software and Embedded Solutions; and Technical Documentation Solutions. Each service area forms a separate reporting segment. More information on the changes and the impacts of IFRS 16 "Leases" is provided on pages 13 and 22.

Market outlook 2019

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Our business environment continues to develop favorably in all market areas. In Europe, demand growth is expected to slow down slightly. In Asia, the opening up of the service markets is expected to continue, but growth is expected to slow down due to the prevailing political situation.

Financial guidance 2019

We expect the revenue and operating profit (EBIT) for the year 2019 to grow clearly compared to 2018.

Previous Financial guidance 2019, updated on February 7, 2019.

We expect the revenue and operating profit (EBIT) for the year 2019 to grow compared to 2018.

Key figures

(EUR 1,000)	1-3/2019		1-3/2018		1-12/2018	
Revenue	65,625		58,964		236,477	
Operating profit (EBITA)	6,424	(9.8 %)	4,888	(8.3 %)	22,555	(9.5 %)
Operating profit (EBIT)	5,772	(8.8 %)	4,415	(7.5 %)	20,184	(8.5 %)
Basic earnings per share, EUR	0.17		0.13		0.62	
Equity ratio, %	41.2		43.0		42.9	
Operating cash flow	5,421		3,278		23,055	
ROCE, %	21.3		20.6		21.3	
Personnel at end of the period	3,150		2,868		3,055	

President and CEO Juha Näkki:

The year 2019 started with the best quarter in Etteplan's history. All three service areas were successful, and we set new records for our revenue and operating profit (EBIT). In spite of the prevailing uncertainty in the markets, the demand situation in Europe remained good and we won several significant deals during the first months of the year. In China, the threat of a trade war affected the demand of our existing customers and our growth slowed down. Nevertheless, the opening up of the Chinese service market continued and we won several new customers.

We renewed our organization at the beginning of the year to boost the implementation of our strategy and respond even better to changing global demand. The new organization got off to a flying start in the first quarter and we have launched several development projects, particularly with the aim of boosting the sale of service solutions. We will continue the determined development of our business in order to achieve our strategic and financial targets.

The Engineering Solutions service area saw excellent development and we again exceeded the profitability level of 10 per cent through good operational efficiency. A good number of new equipment and plant engineering projects were started during the review period, and we expect the positive development to continue.

The Software and Embedded Solutions service area also had a good start to the year. Thanks to the measures we have taken, our project business has overcome the challenges that have burdened it during the recent years and we were able to achieve profitable growth in our project business. As a result, the share of revenue represented by Managed Services increased significantly, the impact of which was also seen at the Group level.

The Technical Documentation Solutions service area accelerated its growth and its profitability improved substantially. The demand for software solutions and outsourcing solutions picked up, which supported the improvement in profitability. Challenges in Germany continued to burden the service area's profitability. We have replaced the unit's management and increased the efficiency of the project operations on a broad front. With these measures, we believe the business will improve during the coming quarters.

We have now grown for five and a half years consecutively and improved our operating profit in every quarter for three straight years. While the forecasts of global economic growth have been reduced and uncertainty in the markets continues, we believe our business will develop positively and we expect our revenue and operating profit to grow clearly compared to 2018.

Operating environment

Etteplan's business is affected by global megatrends as well as industry-specific development. The Internet of Things (IoT), the digitalization of machinery and equipment, environmental regulations 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 and it supports Etteplan's growth. The trend of centralizing service purchasing continued as customer demand became increasingly international, 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. The first quarter continued to be characterized by unpredictable changes in Etteplan's main markets and various customer industries.

There were no significant changes in the industry-specific demand for our services in the first quarter, but customer-specific differences were substantial. Activity in the mining industry continued to increase. 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 remained good.

Market development was positive in all of Etteplan's main markets. Competition for employees and the lower availability of specialized experts in certain areas due to the good market situation continued to affect the development of the sector in all market areas. Uncertainty in the markets continued due to the prevailing political situation.

In Finland, the general market demand remained good. The value of new orders received by companies in the technology industry in January-March were on par with October-December, but up 14 per cent compared to the corresponding period last year. Large orders in the shipbuilding industry contributed to growth. The order backlog at the end of March was six per cent higher than at the end of December and 14 per cent higher than in March 2018. In the engineering and consulting industry, orders continued to develop favorably in January-March. Both new orders and the order backlog grew. New orders received by companies in the industry in the first quarter were six per cent higher than in October-December 2018 and three per cent higher than in the corresponding period last year. The order backlog at the end of March was five per cent higher than at the end of December and nine per cent higher than in March 2018.

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.

Demand in China weakened due to the prevailing political situation but remained at a good level. Demand was high particularly in automated production systems and robotics. The opening up of the service market continued, presenting growth opportunities for operators in the engineering industry.

Revenue

Etteplan's revenue grew by 11.3 per cent in January-March and was EUR 65.6 million (1-3/2018: EUR 59.0 million). Revenue increased by 12.2 per cent at comparable exchange rates. Organic growth was 7.0 per cent. At comparable exchange rates, organic growth was 7.9 per cent.

Etteplan’s growth continued in the first quarter of the year. Revenue from key accounts grew by 9.1 per cent in January-March. Growth was supported by Etteplan’s broad service offering, strong market position and the acquisitions made in 2018. Revenue was improved by Easter falling entirely in the second quarter.

Etteplan’s business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

The revenue of acquired companies is not included in the organic growth of revenue for the 12 months following the acquisition.

Result

Etteplan’s profitability was improved by good operational efficiency in all service areas. Operating profit (EBITA) improved by 31.4 per cent in January-March and was EUR 6.4 (4.9) million, or 9.8 (8.3) per cent of revenue.

Etteplan started to measure its profitability using operating profit (EBITA) instead of EBIT from business operations. The Company updated its strategic and financial target concerning profitability on April 4, 2019. The target is to reach 10 per cent operating profit (EBITA) of revenue. More information is provided on page 13.

Non-recurring items had a combined negative effect of EUR 0.2 (0.2) million on operating profit (EBITA) and operating profit (EBIT), which is presented below. The non-recurring items were related to the organizational renewal implemented at the start of the year.

In January-March, operating profit (EBIT) improved by 30.7 per cent and was EUR 5.8 (4.4) million, or 8.8 (7.5) per cent of revenue.

In January-March, financial expenses amounted to EUR 0.4 (0.5) million.

Profit before taxes for January-March was EUR 5.6 (4.3) million. Taxes in the income statement amounted to 23.3 (23.0) per cent of the result before taxes. The amount of taxes was EUR 1.3 (1.0) million.

The profit for January-March was EUR 4.3 (3.3) million.

Undiluted earnings per share were EUR 0.17 (0.13) in January-March. Equity per share was EUR 2.88 (2.43) at the end of March. Return on capital employed (ROCE) before taxes was 21.3 (20.6) per cent in January-March.

Financial position and cash flow

The Group’s cash and cash equivalents stood at EUR 18.2 (9.0) million at the end of March.

The Group’s interest-bearing debt amounted to EUR 48.2 (32.7) million. At the time of adopting IFRS 16 *Leases*, an interest-bearing lease liability of EUR 12 million was recognized, corresponding to the discounted future rent payments of the leased items. Right-of-use assets were recognized in the balance sheet equal to the amount of the additional liability. More information is provided on pages 13 and 22.

The total of unused short-term credit facilities stood at EUR 9.7 (8.7) million.

Operating cash flow developed well and was EUR 5.4 (3.3) million in January-March.

Cash flow after investments was EUR 4.0 (1.9) million in January-March.

The accrual of cash flow was affected by the good operational result and the adoption of IFRS 16 *Leases*. Operating cash flow increased and financing cash flow decreased by approximately EUR 1.6 million due to the repayment of the principal portion of the lease liability being classified as cash flow from financing activities. More information is provided on pages 13 and 22.

Operating cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Total assets on March 31, 2019 were EUR 176.6 (141.5) million. Goodwill on the balance sheet was EUR 65.0 (58.9) million.

At the end of March, the equity ratio was 41.2 (43.0) per cent. The equity ratio decreased by three percentage points in relation to the adoption of IFRS 16 *Leases*, which led to an increase in the Group's lease liabilities. More information is provided on page 13 and 22.

Capital expenditure

The Group's gross investments in January-March were EUR 2.3 (2.2) million. The gross investments mainly consisted of an increase in lease obligations, growth-related equipment purchases and license fees for engineering software.

Personnel

The number of personnel increased by 9.8 per cent year-on-year and stood at 3,150 (2,868) at the end of March 2019. The Group employed 3,134 (2,855) people on average in January-March. International growth continued and, at the end of March, 1,104 (1,021) people were employed by the Group outside of Finland. One employee was temporarily laid off at the end of March.

Business review

The success of the outsourcing business and acquisitions strengthen Etteplan's market position and support the Company's growth. The demand for Managed Services and services related to the digitalization of machinery and equipment remained at a good level. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities.

The demand for Etteplan's services continued to develop favorably in all market areas and we received several significant orders during the review period. New product development and equipment engineering projects as well as plant engineering investments saw good demand. The lower availability of specialized experts in certain areas affected the development of business.

The demand situation in Finland remained at a good level. Etteplan's business also continued to develop well in Sweden. In the Netherlands and Poland, the demand for our services remained good in general. Challenges related to certain customer accounts affected our business in Germany. The opening up of the Chinese service markets continued, but the prevailing political situation affected demand.

Etteplan is a profitable growth company with a target of 15 per cent annual growth on average. The most important focus areas of growth are the continuous development of service solutions, digitalization and international growth.

To boost the sales of its service solutions, Etteplan introduced a new global organization on January 1, 2019, in which the service areas form the reporting lines instead of the previous country organization. At the same time, the areas of responsibility of the Management Group's members changed and a new member was appointed to the Management Group. A stock exchange release was issued on the subject on December 19, 2018.

The aim of the organizational renewal is to boost growth, improve Etteplan's ability to respond to the increasingly global demand of its customers, enhance the development and sales of service solutions and improve the Company's capability to reach its strategic target for Managed Services. Etteplan's target is to achieve a share of 65 per cent of revenue for Managed Services by the end of 2019. The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability.

The share of revenue represented by Managed Services grew and stood at 58 (53) per cent in January-March.

In the recent years, Etteplan has invested in digitalization and software development with the aim of expanding its service offering and competence capital in order to respond to the digitalization needs of its customers. In 2018, Etteplan particularly strengthened its expertise as a provider of comprehensive digital solutions, agile software development and cloud software solutions by acquiring Eatech Oy and Koodain Solutions Oy. We combined these two companies and the previously acquired Soikea Solutions Oy to create Etteplan's software and digital services unit, which will operate in Finland under the Etteplan MORE name.

Etteplan's goal is to provide solutions in all of the Company's service areas in all of our market areas.

The number of hours sold in the Chinese market continued to grow, but the rate of growth slowed down due to uncertainty caused by the prevailing political situation and was 8 per cent in January-March. Major corporations operating in China became more cautious about their investments. Etteplan acquired several new accounts during the review period.

In January 2019, Etteplan announced it is opening its eighth office in China. The new office is located in Shenzhen, which is a major city and sub-provincial city in Guangdong Province and part of the Pearl River Delta economic area, which has a population of 120 million people. The new office serves companies operating in southeastern China in particular. Etteplan's operations in Kunshan, China, received Advanced Technology status for the second time. Granted by the Science and Technology Agency of Jiangsu Province, the status is valid until the end of 2020. The status reflects Etteplan's value to the Kunshan region and its contribution to supporting the growth and development of local industrial companies.

Engineering Solutions

Engineering Solutions refer to the innovation, engineering and calculations of the technical attributes 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)	1-3/2019	1-3/2018	Change to prev. year	1-12/2018
Revenue	35,606	33,643	5.8 %	132,061
Operating profit (EBITA)	3,677	3,071	19.7 %	12,985
EBITA, %	10.3	9.1		9.8
Managed Services index	54	51		52
Personnel at end of the period	1,780	1,668	6.7 %	1,740

The share of Etteplan's revenue represented by Engineering Solutions in January-March was 54 (57) per cent.

The service area's revenue increased by 5.8 per cent in January-March and was EUR 35.6 (33.6) million.

The Engineering Solutions service area had 1,780 (1,668) employees at the end of March.

The good development of the Engineering Solutions service area continued in the first quarter, strengthened by the favorable demand situation in all market areas. 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 particularly in Finland and Sweden. The new offices increased sales in China, but uncertainty continued in the prevailing political situation. The sales of Engineering Solutions got off to a slow start in Poland in the first quarter.

The Engineering Solutions service area's operating profit (EBITA) in January-March was EUR 3.7 (3.1) million, or 10.3 (9.1) per cent of revenue. Profitability improved further thanks to excellent operational efficiency.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, increased to 54 (51) per cent in January-March.

We continued the development of the service area's technology solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, artificial intelligence and other digital technologies.

Software and Embedded Solutions

Software and Embedded Solutions refer to product development services as well as software 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 customers is the need to develop a service based on a new business model that takes advantage of digitalization.

(EUR 1,000)	1-3/2019	1-3/2018	Change to prev. year	1-12/2018
Revenue	17,314	14,096	22.8 %	60,017
Operating profit (EBITA)	1,689	1,120	50.9 %	5,837
EBITA, %	9.8	7.9		9.7
Managed Services index	55	42		47
Personnel at end of the period	674	565	19.3 %	653

The figures for Eatech Oy, acquired in May 2018, are included in the Software and Embedded Solutions service area's figures starting from May 1, 2018.

The share of the Group's total revenue represented by Software and Embedded Solutions was 27 (24) per cent in January-March.

The service area's revenue grew by 22.8 per cent in January-March, amounting to EUR 17.3 (14.1) million.

The Software and Embedded Solutions service area had 674 (565) employees at the end of March.

The service area's demand situation was generally good in all customer industries and market areas, but certain software design projects in Finland were slow to get started. The reduced availability of competent professionals, particularly in the software business, slowed growth to some extent. In Poland, the demand situation associated with a significant customer weakened.

The Software and Embedded Solutions service area's operating profit (EBITA) improved in January-March and was EUR 1.7 (1.1) million or 9.8 (7.9) per cent of revenue. Operational efficiency was at a good level.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, increased to 55 per cent (42 per cent) in January-March. The service area's project business has improved thanks to the measures we have taken, which enabled us to again grow our project business at a profitability level that is in line with our targets.

In 2018, Etteplan particularly strengthened its expertise as a provider of comprehensive digital solutions, agile software development and cloud software solutions by acquiring Eatech Oy and Koodain Solutions Oy. We combined these two companies and the previously acquired Soikea Solutions Oy to create Etteplan's software and digital services unit, which will operate in Finland under the Etteplan MORE name.

Etteplan MORE is responsible for the software maintenance of Posti's parcel lockers. The cooperation was expanded this year to include Smartpost lockers in apartment buildings and workplaces and their software.

Technical Documentation Solutions

Technical Documentation Solutions refer 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)	1-3/2019	1-3/2018	Change to prev. year	1-12/2018
Revenue	12,509	11,213	11.6 %	44,305
Operating profit (EBITA)	1,243	849	46.4 %	3,684
EBITA, %	9.9	7.6		8.3
Managed Services index	75	76		75
Personnel at end of the period	609	549	10.9 %	587

The share of the Group's total revenue represented by Technical Documentation Solutions was 19 (19) per cent in January-March.

The service area's revenue increased by 11.6 per cent in January-March and was EUR 12.5 (11.2) million.

The Technical Documentation Solutions service area had 609 (549) employees at the end of March.

The service area's revenue growth accelerated. The demand for outsourcing solutions has picked up and we are discussing new outsourcing agreements with several customers. Operational efficiency was at a good level. Demand for the software solutions picked up during the period under review.

The Technical Documentation Solutions service area's operating profit (EBITA) improved in January-March and was EUR 1.2 (0.9) million or 9.9 (7.6) per cent of revenue.

A significant project delivery in Germany was delayed further. The delay in the project is due to problems in the functioning of a particular component chosen by the customer. We have received approval for the use of a different component, which is, nevertheless, more expensive than the previous one. We expect deliveries to begin during the second quarter. Other project management challenges also continued in Germany. We have replaced the management in Germany and increased the efficiency of the project operations on a broad front.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 75 (76) per cent in January-March.

GOVERNANCE

Annual General Meeting 2019

Etteplan Oyj's Annual General Meeting was held on April 4, 2019. 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 2018.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.30 per share for the financial year 2018 and to leave the remaining funds in unrestricted equity. The dividend decided on by the Annual General Meeting will be paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date for the dividend payout was April 8, 2019, and the date of dividend payout April 15, 2019.

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 five members.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Cristina Andersson, Matti Huttunen, Robert Ingman, Leena Saarinen and Mikko Tepponen as members of the Board of Directors.

KPMG Oy Ab, Authorized Public Accountants was elected as the Company's auditor.

In its organization meeting subsequent to the Annual General Meeting, the Board of Directors of Etteplan Oyj elected Robert Ingman as Chairman of the Board of Directors. Leena Saarinen was elected the Chairman and Robert Ingman and Matti Huttunen as members of the Nomination and Remuneration Committee of Etteplan Oyj.

Board authorizations

The Annual General Meeting decided to authorize 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 OMX 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, 2019, and ending on October 4, 2020. The authorization replaces the corresponding previous authorization.

The Annual General Meeting decided to authorize 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 the right to decide to issue either new shares or 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, 2019, and ending on April 4, 2021.

Shares

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. Etteplan moved from the Small Cap group to the Mid Cap group on January 1, 2019. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

The Company's share capital on March 31, 2019, was EUR 5,000,000.00 and the total number of shares was 24,963,308.

The number of Etteplan Oyj shares traded in January-March was 197,787 (1-3/2018: 291,435), for a total value of EUR 1.6 (2.3) million. The share price low was EUR 7.80, the high EUR 8.98, the average EUR 8.25 and the closing price EUR 8.02. Market capitalization on March 31, 2019, was EUR 199.3 (191.8) million.

Treasury shares

On February 7, 2019, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of Etteplan's own shares in accordance with the authorization given to it by the Annual

General Meeting on April 5, 2018. The shares are repurchased in order to be used to fulfill obligations pertaining to the share-based incentive plan for the Group's key personnel. The repurchasing of shares began on February 8, 2019, and it will end on December 31, 2019, at the latest. The number of repurchased shares will not exceed 60,000 shares and the corresponding number of voting rights, which corresponds to approximately 0.24 per cent of the current total number of Etteplan's shares. According to the Board's decision, the maximum repurchase price is EUR 9.5 per share.

On April 4, 2019, Etteplan Oyj's Board of Directors decided to continue the share repurchase program of Etteplan's own shares initiated on February 7, 2019, in accordance with the authorization given to it by the Annual General Meeting on April 4, 2019. Since a total of 20,187 of the Company's own shares were repurchased between February 8, 2019, and April 3, 2019, a total of 39,813 shares can still be repurchased as part of the share repurchase program. The terms of the program remained unchanged.

In January-March 2019, Etteplan repurchased a total of 18,687 of the Company's own shares. The Company held 114,890 of its own shares on March 31, 2019 (March 31, 2018: 58,139), which corresponds to 0.46 per cent of all shares and voting rights.

Incentive plan for key personnel

The Board of Directors of Etteplan Oyj decided on May 31, 2017, to establish a new share-based incentive plan for the Group's key personnel. 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. The potential non-recurring reward of the incentive plan will be paid after the earning period in 2020.

Flaggings

Etteplan Oyj received no flagging notices in January-March 2019.

Changes in segment reporting

On January 1, 2019, Etteplan introduced a new global organization in which the service areas form the reporting lines instead of the previous country organization. Starting from the beginning of 2019, Etteplan has three service areas: Engineering Solutions; Software and Embedded Solutions; and Technical Documentation Solutions.

Etteplan's business was previously conducted in one operating segment. With the organizational changes, Etteplan also changed the internal reporting provided for the chief operating decision-maker, i.e. Etteplan's Management Group, for decision-making. From the first Interim Report 2019 onwards, each of Etteplan's service areas will form an operating and reporting segment of its own. With the changes to the segment reporting, Etteplan aims to increase the transparency of the implementation of the company's business strategy and the realization of targets.

Starting from the interim report for the first quarter of 2019, Etteplan will report, in addition to revenue and the MSI Index, Operating profit (EBITA), EBITA-% and the number of personnel for each reporting segment/service area. As the premeasurements of contingent considerations are only included at the Group level, the operating profit (EBITA) equals the previously reported EBIT from business operations at the reporting segment/service area level both for the quarters and the full year 2018.

Effects of the adoption of IFRS 16 Leases

IFRS 16 'Leases' standard requires lessees to recognize lease agreements on the balance sheet as right-of-use assets and related lease liabilities.

The new standard has an effect on the Group's balance sheet, cash flow statement and key figures, as the rental agreements for the Group's offices were previously classified as operating leases, which were not recognized in the balance sheet. The Group adopted the standard on January 1, 2019, and reports according to it for the first time in this Interim Report.

Operating profit (EBIT) improved slightly because the interest on lease liabilities is treated as a financial expense. Operating cash flow increased and financing cash flow decreased by approximately the same amount due to the repayment of the principal portion of the lease liability being classified as cash flow from financing activities. The Group's liabilities are also increased, which has the effect of reducing the equity ratio.

At the time of adoption, an interest-bearing lease liability of EUR 12 million was recognized, corresponding to the discounted future rent payments of the leased items. Right-of-use assets were recognized in the balance sheet equal to the amount of the additional liability. More information on page 20.

Event after the review period: Changes to Etteplan's financial reporting and financial and strategic targets

Etteplan will start to measure its profitability with operating profit (EBITA) instead of EBIT from business operations both for the Group and for the service areas. Based on the decision of the Board of Directors, the related strategic and financial targets will also be updated. Etteplan's target is to reach 10 per cent operating profit (EBITA) of revenue.

Operating profit (EBITA) is more commonly used within Etteplan's peer companies and by starting to report it Etteplan makes it easier for investors to compare its performance against other companies in the industry.

Comparison figures for 2018

(EUR 1,000)	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Operating profit (EBIT)	**5,731**	**4,385**	**5,653**	**4,415**
Amortization on fair value adjustments at acquisitions	652	652	593	473
Operating profit (EBITA)	**6,384**	**5,038**	**6,246**	**4,888**
Premeasurements of contingent considerations	-250	-213	-200	-18
EBIT from business operations	**6,134**	**4,824**	**6,046**	**4,871**

Operating profit (EBITA) = Operating profit (EBIT) + amortization on fair value adjustments in acquisitions

EBIT from business operations = Operating profit (EBIT) + amortization on fair value adjustments in acquisitions +/- premeasurements of contingent considerations

Both operating profit (EBITA) and EBIT from business operations are non-IFRS performance measures, which provide additional information on Etteplan's strategic and financial development.

Etteplan's strategic and financial targets as of April 4, 2019

Growth: 15 per cent average annual revenue growth (unchanged)

Profitability: 10 per cent operating profit (EBITA) of revenue (new target)

Managed Services: 65 per cent of revenue represented by Managed Services (Managed Services Index, MSI) by the end of 2019 (unchanged)

Balance sheet: >30 per cent equity ratio (unchanged)

Event after the review period: Changes in Etteplan's Management Group

M. Sc. (Tech.) **Minna Tornikoski** has been appointed Etteplan's Senior Vice President, Human Resources and a member of Etteplan's Management Group. Tornikoski will transfer to Etteplan from Huhtamäki Oyj, where she is currently the Head of Human Resources for the Flexible Packaging business area. She has extensive experience in HR positions in multinational corporations such as Tieto and Nokia. Tornikoski will start in her new position in August 2019. She will report to President and CEO **Juha Näkki**. Minna Tornikoski will replace Marcus Reijonen, who has acted as Etteplan's SVP for Human Resources on an interim basis after Outi-Maria Liedes retired.

Event after the review period: Change in Etteplan's Main Responsible Auditor

Etteplan's Auditor KPMG Oy Ab, Authorized Public Accountants has informed the company that Authorized Public Accountant Kim Järvi will act as the main responsible auditor for Etteplan going forward. The change took effect immediately.

Operating risks and uncertainty factors

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainties caused by the general economic development continue to constitute risks for 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.

Etteplan's risk management review was published on pages 64-67 of the Financial Review 2018.

Etteplan's Annual Report, Corporate Governance Statement, Remuneration Statement and statement of non-financial information

Etteplan has published a Corporate Governance Statement, Remuneration Statement and statement of non-financial information separately from the Annual Report by the Board of Directors. Etteplan has also published its Annual Report for 2018, consisting of an Annual Review and a Financial Review. The reports and statements are available on Etteplan's website at https://www.etteplan.com/investors/reports-presentations.

Financial information in 2019

Etteplan Oyj will publish financial information as follows:

- Half Year Financial Report 1-6/2019: Tuesday, August 13, 2019
- Interim Report 1-9/2019: Thursday, October 31, 2019

Vantaa, May 8, 2019

Etteplan Oyj

Board of Directors

Additional information:
Juha Näkki, President and CEO, tel. +358 10 307 2077
Outi Torniainen, SVP, Communications and Marketing, tel. +358 10 307 3302

The information presented herein has not been audited.

Releases and other corporate information are available on Etteplan's website at www.etteplan.com.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EUR 1,000)	1-3/2019	1-3/2018	1-12/2018
Revenue	**65,625**	**58,964**	**236,477**
Other operating income	139	62	1,172
Materials and services	-5,730	-5,173	-21,822
Staff costs	-44,312	-40,456	-156,183
Other operating expenses	-6,765	-7,686	-33,667
Depreciation and amortization	-3,185	-1,297	-5,792
Operating profit (EBIT)	**5,772**	**4,415**	**20,184**
Financial income	190	352	791
Financial expenses	-351	-507	-1,580
Profit before taxes	**5,611**	**4,260**	**19,396**
Income taxes	-1,307	-978	-4,116
Profit for the review period	**4,303**	**3,282**	**15,280**
Other comprehensive income, that may be reclassified to profit or loss			
Currency translation differences	-283	-1,178	-1,200
Other comprehensive income, that will not be reclassified to profit or loss			
Change in fair value of equity investments at fair value through other comprehensive income	12	7	3
Other comprehensive income, net of tax	**-271**	**-1,171**	**-1,197**
Total comprehensive income for the review period	**4,032**	**2,111**	**14,083**
Profit for the review period attributable to			
Equity holders of the parent company	4,303	3,282	15,280
Total comprehensive income for the review period attributable to			
Equity holders of the parent company	4,032	2,111	14,083
Earnings per share calculated from the profit attributable to equity holders of the parent company			
Basic earnings per share, EUR	0.17	0.13	0.62
Diluted earnings per share, EUR	0.17	0.13	0.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
ASSETS			
Non-current assets			
Goodwill	64,944	58,888	65,165
Other intangible assets	20,218	17,602	20,856
Tangible assets	15,865	3,793	4,065
Investments at fair value through other comprehensive income	709	699	695
Other non-current receivables	54	88	54
Deferred tax assets	165	108	161
Non-current assets, total	**101,956**	**81,179**	**90,995**
Current assets			
Inventory	384	275	362
Work in progress	26,796	23,090	20,503
Trade and other receivables	29,216	27,927	32,367
Current tax assets	40	22	223
Cash and cash equivalents	18,178	8,968	16,115
Current assets, total	**74,614**	**60,281**	**69,569**
TOTAL ASSETS	**176,570**	**141,460**	**160,564**
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	20,101	18,524	20,101
Own shares	-519	-172	-452
Cumulative translation adjustment	-4,185	-3,879	-3,901
Other reserves	243	235	231
Retained earnings	39,846	30,251	24,567
Profit for the review period	4,303	3,282	15,280
Equity, total	**71,492**	**59,941**	**67,527**
Non-current liabilities			
Deferred tax liabilities	4,375	3,548	4,518
Interest-bearing liabilities	30,521	18,147	24,105
Other non-current liabilities	2,027	1,005	2,036
Non-current liabilities, total	**36,923**	**22,700**	**30,659**
Current liabilities			
Interest-bearing liabilities	17,727	14,504	12,147
Advances received	3,163	1,985	3,064
Trade and other payables	45,791	41,469	45,386
Current income tax liabilities	1,474	861	1,782
Current liabilities, total	**68,155**	**58,819**	**62,378**
Liabilities, total	**105,078**	**81,519**	**93,037**
TOTAL EQUITY AND LIABILITIES	**176,570**	**141,460**	**160,564**

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	1-3/2019	1-3/2018	1-12/2018
Operating cash flow			
Cash receipts from customers	61,785	60,472	239,983
Operating expenses paid	-54,639	-55,481	-212,081
Operating cash flow before financial items and taxes	**7,146**	**4,991**	**27,903**
Interest and payment paid for financial expenses	-239	-276	-956
Interest received	93	10	59
Income taxes paid	-1,579	-1,447	-3,950
Operating cash flow (A)	**5,421**	**3,278**	**23,055**
Investing cash flow			
Purchase of tangible and intangible assets	-585	-368	-1,752
Acquisition of subsidiaries, net of cash acquired	-824	-972	-8,262
Proceeds from sale of tangible and intangible assets	1	0	21
Proceeds from sale of investments	0	1	1
Investing cash flow (B)	**-1,407**	**-1,339**	**-9,992**
Cash flow after investments (A+B)	**4,014**	**1,939**	**13,063**
Financing cash flow			
Purchase of own shares	-154	-184	-516
Expenses paid for directed share issue	0	0	-7
Issue of new current loans	208	116	3,559
Repayments of current loans	-7	-2,593	-24,743
Issue of new non-current loans	0	0	22,102
Payment of lease liabilities	-2,071	-423	-1,765
Dividend paid	0	0	-5,684
Financing cash flow (C)	**-2,024**	**-3,085**	**-7,054**
Variation in cash (A+B+C) increase (+) / decrease (-)	**1,990**	**-1,146**	**6,009**
Assets at the beginning of the period	16,115	10,074	10,074
Exchange gains or losses on cash and cash equivalents	73	40	32
Assets at the end of the period	18,178	8,968	16,115

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

A) Share Capital
B) Share Premium Account
C) Unrestricted Equity Fund
D) Other Reserves
E) Own Shares
F) Cumulative Translation Adjustment
G) Retained Earnings
H) Capital attributable to equity holders of the parent company, total

(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2018	**5,000**	**6,701**	**18,524**	**228**	**-80**	**-2,701**	**30,251**	**57,923**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	15,280	15,280
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	3	0	0	0	3
Cumulative translation adjustment	0	0	0	0	0	-1,200	0	-1,200
Total comprehensive income for the year	**0**	**0**	**0**	**3**	**0**	**-1,200**	**15,280**	**14,083**
Transactions with owners								
Dividends	0	0	0	0	0	0	-5,684	-5,684
Directed share issue	0	0	1,577	0	0	0	0	1,577
Purchase of own shares	0	0	0	0	-516	0	0	-516
Share-based incentive plan	0	0	0	0	144	0	0	144
Transactions with owners, total	**0**	**0**	**1,577**	**0**	**-372**	**0**	**-5,684**	**-4,478**
Equity Dec 31, 2018	**5,000**	**6,701**	**20,101**	**231**	**-452**	**-3,901**	**39,846**	**67,527**

(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2019	**5,000**	**6,701**	**20,101**	**231**	**-452**	**-3,901**	**39,846**	**67,527**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	4,303	4,303
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	12	0	0	0	12
Cumulative translation adjustment	0	0	0	0	0	-283	0	-283
Total comprehensive income for the year	**0**	**0**	**0**	**12**	**0**	**-283**	**4,303**	**4,032**
Transactions with owners								
Purchase of own shares	0	0	0	0	-154	0	0	-154
Share-based incentive plan	0	0	0	0	88	0	0	88
Transactions with owners, total	**0**	**0**	**0**	**0**	**-67**	**0**	**0**	**-67**
Equity Mar 31, 2019	**5,000**	**6,701**	**20,101**	**243**	**-519**	**-4,185**	**44,150**	**71,492**

(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2018	**5,000**	**6,701**	**18,524**	**228**	**-80**	**-2,701**	**30,251**	**57,923**
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	3,282	3,282
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	7	0	0	0	7
Cumulative translation adjustment	0	0	0	0	0	-1,178	0	-1,178
Total comprehensive income for the year	**0**	**0**	**0**	**7**	**0**	**-1,178**	**3,282**	**2,111**
Transactions with owners								
Purchase of own shares	0	0	0	0	-184	0	0	-184
Share-based incentive plan	0	0	0	0	92	0	0	92
Transactions with owners, total	**0**	**0**	**0**	**0**	**-92**	**0**	**0**	**-92**
Equity Mar 31, 2018	**5,000**	**6,701**	**18,524**	**235**	**-172**	**-3,879**	**33,533**	**59,941**

NOTES

General

Etteplan provides solutions for industrial equipment and plant engineering, software and embedded solutions, 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, services 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 2018, Etteplan had a turnover of approximately EUR 236 million. The company currently has more than 3,000 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 May 8, 2019.

Basis for preparation

Figures are presented in thousands or millions of euros as described in connection with each figure. The figures presented are rounded from exact figures and consequently, the sum of figures presented individually can deviate from the presented sum figure. Key figures have been calculated using exact figures.

This Interim Report has not been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Interim Report has been prepared according to the recognition and valuation principles presented in the 2018 Annual Financial Statements, except for the following change in standard, effective from January 1, 2019 onwards:

IFRS 16 "Leases" -standard requires the lessees to recognize lease agreements on the balance sheet as lease liabilities and related right-of-use assets.

The Group adopted the standard on January 1, 2019 using the simplified approach and does not restate comparative figures. The new standard has a material effect on the Group's balance sheet, cash flow statement and key figures, as the rental agreements for the Group's office premises were classified as operating leases, which were not recognized in the balance sheet before implementing the standard. At the time of implementing the standard a lease liability of EUR 12 million was recognized, corresponding to the discounted future rent payments of the leased premises. Right-of-use assets were recognized in the balance sheet equal to the amount of the additional liability. The table below describes the formation of IFRS 16 lease liability on Jan 1, 2019.

(EUR 1,000)	
Operating lease commitment at Dec 31, 2018 as disclosed in the Group's consolidated financial statements	9,758
Discounted with Group weighted average incremental borrowing rate, 2%	9,542
Extension and termination options reasonably certain to be exercised	2,795
Finance lease liability recognized as at Dec 31, 2018	3,899
IFRS 16 lease liability at Jan 1, 2019	**16,236**

In applying the IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristic
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Accounting policies requiring management's judgment and key sources of uncertainty concerning 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. The key sources of estimation uncertainty were the same as those that applied to the 2018 consolidated financial statements. Management pays special attention to fair value measurements in connection with acquisitions and revenue recognition for fixed price projects.

The Group's management may have to make judgement-based decisions relating to the choice and application of accounting policies. This particularly concerns situations, where effective IFRS standards allow alternative valuation, recording and presenting manners.

The Group's management has exercised judgment in implementing the new IFRS 16 standard effective in 2019. Management judgment is exercised, among other things, in determining the extent to which extension options included in lease agreements are used. The Group's management has determined the available extension options to be used in such a way that extension options are used up to 18 months in lease agreements with non-cancellable term of under 18 months and for lease agreements with non-cancellable term of 18 months or more no extension options are used, which the management believes to give the most accurate view of the Group's total lease liability.

Non-IFRS key figures

Etteplan presents non-IFRS key figures to supplement its consolidated financial statements which are prepared in accordance with IFRS. These key figures are designed to measure growth and provide insight into the company's underlying operational performance. This section describes the most important non-IFRS key figures used by the Group. Formulas for key figures (IFRS and Non-IFRS) are presented at the end of this release.

Operating profit (EBITA) and EBITA, %

Operating profit (EBITA) is presented, because it reflects the Group's operational performance better that Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions.

EBITA, % presents Operating profit (EBITA) as a percentage share of revenue.

The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

(EUR 1,000)	1-3/2019	1-3/2018	1-12/2018
Operating profit (EBIT)	**5,772**	**4,415**	**20,184**
Amortization on fair value adjustments at acquisitions	652	473	2,371
Operating profit (EBITA)	**6,424**	**4,888**	**22,555**

Organic/un-organic growth and growth in comparable currencies

Organic (revenue) growth is presented in addition to total revenue growth, because it improves the comparability of revenue growth between periods by presenting the revenue growth without the effects of the last 12 months' acquisitions.

Organic growth is calculated by comparing revenue between comparison periods excluding revenue from acquisitions that have taken place in the past 12 months.

The revenue growth created by last 12 months' acquisitions is presented as un-organic growth.

Revenue growth in comparable currencies is presented, because it improves the comparability of revenue growth between periods by presenting the revenue growth with comparable exchange rates.

For the calculation of growth in comparable currencies, revenue for the current period is calculated by using the comparable period’s exchange rates. The figure is presented for Group revenue and organic growth.

The share of revenue represented by Managed Services

Etteplan measures the share of revenue represented by Managed Services (MSI Index). Managed Services are service solutions, such as projects and continuous services, where the customer pays for results instead of resources. The share of revenue represented by Managed Services is presented, because it describes Etteplan's strategy implementation and explains, in part, the changes in profitability.

Key figures without effects of IFRS 16 implementation

To improve comparability between years 2018 and 2019 Etteplan provides during 2019 additional financial information without the effects of IFRS 16 "Leases" -standard on those of its key figures which are most affected by the implementation of the standard (on Jan 1, 2019).

(EUR 1,000)	1-3/2019	1-3/2019 without IFRS 16 effects
Operating profit (EBIT)	5,772	5,746
Operating cash flow	5,421	3,848
Financing cash flow	-2,024	-452
Gross interest-bearing debt	48,249	36,663
Equity ratio, %	41.2	44.2
Net gearing, %	42.1	25.9
Gross investments	2,322	1,180
Tangible assets	15,865	4,279

Key Figures

(EUR 1,000)	1-3/2019	1-3/2018	1-12/2018	Change
Revenue	65,625	58,964	236,477	11.3 %
Operating profit (EBITA)	6,424	4,888	22,555	31.4 %
EBITA, %	9.8	8.3	9.5	
Operating profit (EBIT)	5,772	4,415	20,184	30.7 %
EBIT, %	8.8	7.5	8.5	
Profit before taxes	5,611	4,260	19,396	31.7 %
Profit before taxes, %	8.5	7.2	8.2	
Return on equity, %	24.8	22.3	24.4	
ROCE, %	21.3	20.6	21.3	
Equity ratio, %	41.2	43.0	42.9	
Gross interest-bearing debt	48,249	32,651	36,252	47.8 %
Net gearing, %	42.1	39.5	29.8	
Balance sheet, total	176,570	141,460	160,564	24.8 %
Gross investments	2,322	2,216	16,527	4.8 %
Operating cash flow	5,421	3,278	23,055	65.3 %
Basic earnings per share, EUR	0.17	0.13	0.62	30.8 %
Diluted earnings per share, EUR	0.17	0.13	0.62	30.8 %
Equity per share, EUR	2.88	2.43	2.72	18.6 %
Personnel, average	3,134	2,855	2,995	9.8 %
Personnel at end of the period	3,150	2,868	3,055	9.8 %

Non-recurring items

Items that are material either because of their size or their nature, and that are non-recurring, are considered as non-recurring 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)	1-3/2019	1-3/2018	1-12/2018
Other operating income	36	18	681
Staff costs and other operating expenses	-240	-177	-1,012
Operating profit (EBIT)	**-204**	**-159**	**-331**

Revenue

The tables below present the division of external revenue by geographical area and by timing of revenue recognition. The external revenue of each geographical area is presented according to the location of the seller. 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.

Disaggregation of revenue

(EUR 1,000)	1-3/2019	1-3/2018	1-12/2018
Primary geographical location			
Finland	46,046	39,900	161,571
Sweden	13,801	13,298	50,353
China	1,686	1,554	7,587
Central Europe	4,092	4,212	16,966
Total	**65,625**	**58,964**	**236,477**
Timing of revenue recognition			
Transferred at a point in time	642	397	1,969
Transferred over time	64,982	58,568	234,508
Total	**65,625**	**58,964**	**236,477**

Segment Information

The Group has three reportable segments, the revenue of which consist mainly of rendering of services. Etteplan renewed its organization and structure and made changes to its segment reporting effective from January 1, 2019. Starting from the beginning of 2019, the names of the service areas are Engineering Solutions; Software and Embedded Solutions; and Technical Documentation Solutions. Each service area forms a separate reporting segment.

Non-current assets are presented according to the location of the asset, because the Group's chief operating decision-maker follows asset items at country level.

(EUR 1,000)	Reportable segments			Reportable segments total	Other segments	Total
1-3/2019	Engineering Solutions	Software and Embedded Solutions	Technical Documentation Solutions			
External revenue	35,606	17,314	12,509	**65,430**	195	**65,625**
Operating profit (EBITA)	3,677	1,689	1,243	**6,609**	-185	**6,424**
Personnel at end of the period	1,780	674	609	**3,063**	87	**3,150**

(EUR 1,000)	Reportable segments			Reportable segments total	Other segments	Total
1-3/2018	Engineering Solutions	Software and Embedded Solutions	Technical Documentation Solutions			
External revenue	33,643	14,096	11,213	**58,952**	12	**58,964**
Operating profit (EBITA)	3,071	1,120	849	**5,040**	-152	**4,888**
Personnel at end of the period	1,668	565	549	**2,782**	86	**2,868**

Reconciliation of Operating profit (EBITA) and Profit before taxes

(EUR 1,000)	1-3/2019	1-3/2018	1-12/2018
Operating profit (EBITA)	**6,424**	**4,888**	**22,555**
Amortization on fair value adjustments at acquisitions	-652	-473	-2,371
Operating profit (EBIT)	**5,772**	**4,415**	**20,184**
Financial income	190	352	791
Financial expenses	-351	-507	-1,580
Profit before taxes	**5,611**	**4,260**	**19,396**

Non-current assets* by location of asset

(EUR 1,000)	Mar 31, 2019	Mar 31, 2018	Dec 31, 2018
Finland	66,018	49,079	58,983
Sweden	25,208	23,483	23,646
China	2,610	2,261	2,171
Central Europe	7,246	5,548	5,339
Total	**101,082**	**80,371**	**90,140**

*Other non-current assets excluding financial instruments and deferred tax assets.

Formulas for key figures

IFRS key figures

Earnings per share =	(Profit for the review period attributable to equity holders of the parent company) x 100 Issue adjusted average number of shares during the review period
Diluted earnings per share =	(Profit for the review period attributable to equity holders of the parent company adjusted with dilutive effect) x 100 Issue adjusted average number of shares during the review period adjusted with dilutive effect

Non-IFRS key figures

Operating profit (EBITA) =	Operating profit (EBIT) + amortization on fair value adjustments in acquisitions
Organic growth =	(Revenue current year - Revenue comparison year - Revenue from acquirees current year) x 100 Revenue comparison year
Revenue growth from key accounts =	(Revenue from key accounts current year - Revenue from key accounts comparison year) x 100 Revenue from key accounts comparison year
The share of revenue represented by Managed Services =	Revenue from Managed Services x 100 Revenue
Return on equity (ROE) =	Profit for the review period x 100 (Equity, total) average
Return on capital employed (ROCE), before taxes =	(Profit before taxes + Financial expenses) x 100 (Total equity and liabilities - non-interest bearing liabilities) average
Equity ratio, % =	Equity, total x 100 Total equity and liabilities - Advances received
Gross investments =	Total investments made to non-current assets including acquisitions and capitalized development costs
Net gearing, % =	(Interest-bearing liabilities - Cash and cash equivalents) x 100 Equity, total
Equity per share =	Equity, total Adjusted number of shares at the end of the review period
Market capitalization =	Number of outstanding shares at the end of the review period x last traded share price of the review period