



# Q3/2019: Profitable growth accelerated

January-September 2019  
Interim Report

President and CEO  
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October 31, 2019

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# Highlights of Q3/2019

# Highlights 7-9/2019

- + We again accelerated our growth and exceeded our growth target.
  - + Revenue grew by 17.6% at comparable exchange rates.
  - + The acquisitions supported growth and we were also able to grow organically 5.8% at comparable exchange rates.
- + The share of Managed Services of revenue exceeded 60% for the first time, and supported profitability development.
- + EBITA-% was 10.7.
  - + A non-recurring item related to the revaluation of the earn-out in Eatech acquisition improved operating profit.
- + We also continued to develop our service solutions and, after the review period, launched our HyperSTE software as a SaaS-solution.
- Challenges in Germany continued to burden our profitability.
- Demand in China continued to slow down.

# Development of the operating environment

- The market situation remained generally good, despite the increased uncertainty.
  - Uncertainty in the market has led to a decrease in demand growth in Europe.
  - The trade war has decreased demand in China.
- There were no significant changes in the demand for our services by customer industry.
  - Customer-specific differences increased and were again considerable.
- 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 limited availability of specialized experts in certain areas are affecting the development of the sector as a whole in all market areas.

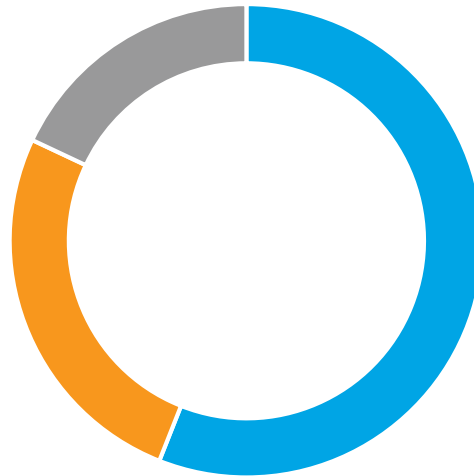


# Market development in Etteplan's main markets in January-September 2019

- Finland: the general market demand remained good, but demand growth has slowed down slightly.
- In Sweden, Germany, the Netherlands and Poland, market demand weakened slightly compared to the previous good level.
- Demand in China weakened due to the prevailing political situation. However, the opening up of the service market continued.

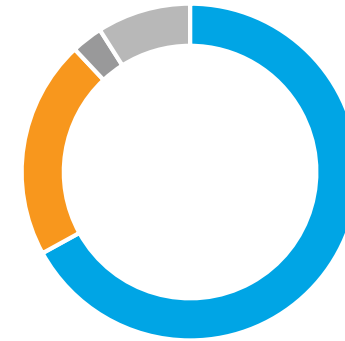
# Revenue and personnel 1-9/2019

### Revenue by service area



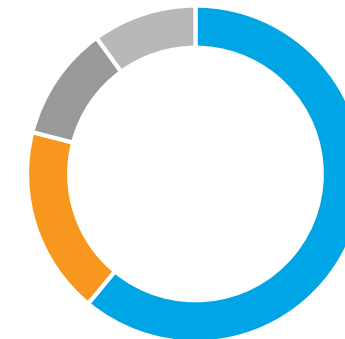
- Engineering solutions 56% (56%)
- Software and embedded solutions 26% (25%)
- Technical documentation solutions 18% (19%)

### Revenue by country



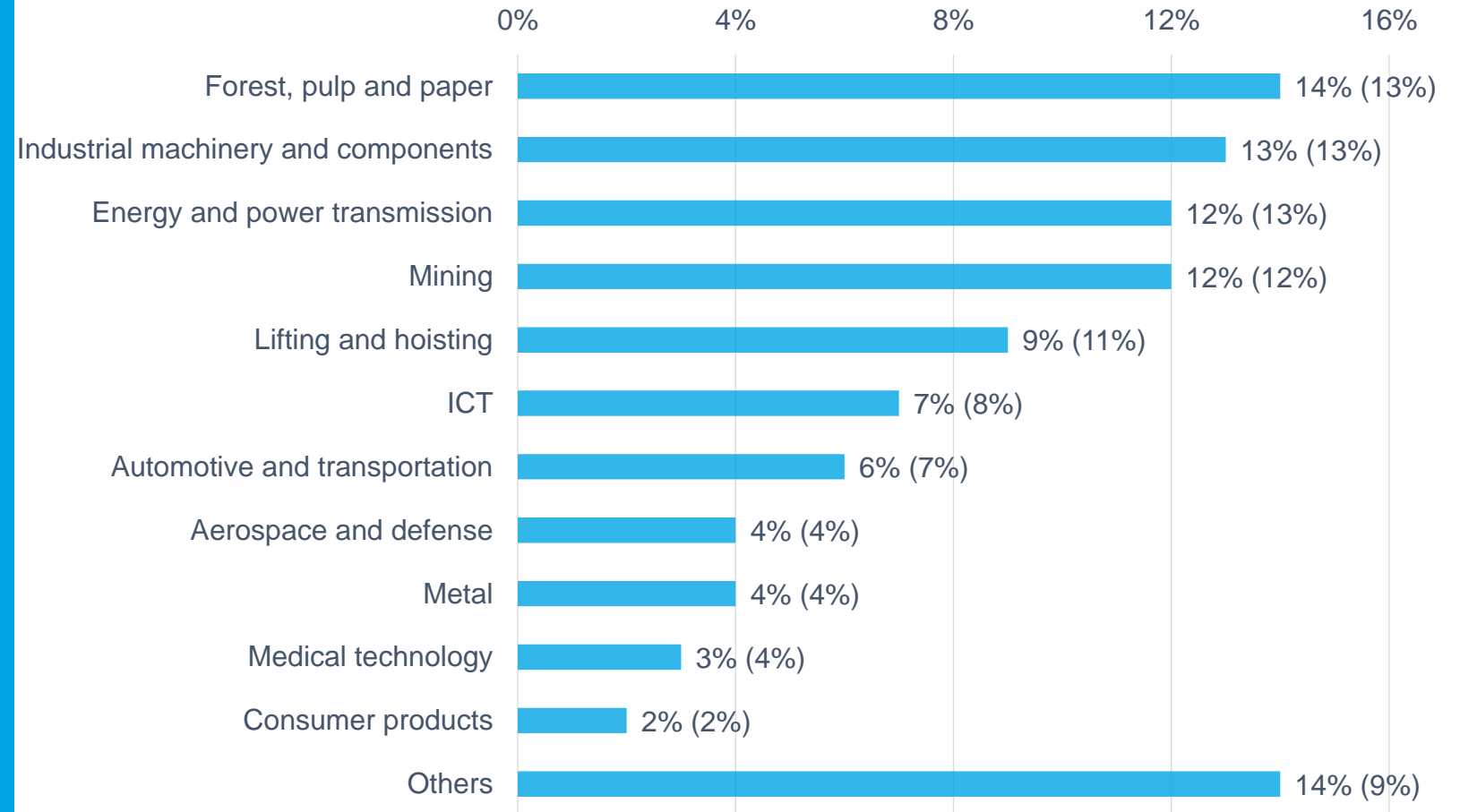
- Finland 67% (68%)
- Sweden 21% (21%)
- China 3% (3%)
- Central Europe 9% (8%)

### Personnel by country (end of period)



- Finland 61% (65%)
- Sweden 18% (16%)
- China 11% (11%)
- Central Europe 10% (8%)

# Revenue by customer segment 1-9/2019





# Key figures 7-9/2019

(EUR 1,000)	7-9/2019	7-9/2018	Change %
Revenue	61,539	52,595	17.0
Operating profit (EBITA)	6,586	5,038	30.7
EBITA, %	10.7	9.6	
Operating profit (EBIT)	5,693	4,385	29.8
EBIT, %	9.3	8.3	
Basic earnings per share, EUR	0.19	0.13	46.2
Equity ratio, %	39.4	42.0	
Operating cash flow	1,142	-521	319.0
ROCE, %	20.1	20.1	
Managed Services Index	62	54	14.8
Personnel at end of the period	3,440	3,050	12.8

# Key figures 1-9/2019

(EUR 1,000)	1-9/2019	1-9/2018	Change %
Revenue	191,493	173,590	10.3
Operating profit (EBITA)	19,493	16,172	20.5
EBITA, %	10.2	9.3	
Operating profit (EBIT)	17,265	14,453	19.5
EBIT, %	9.0	8.3	
Basic earnings per share, EUR	0.54	0.44	22.7
Equity ratio, %	39.4	42.0	
Operating cash flow	15,359	7,225	
ROCE, %	20.3	21.1	
Managed Services Index	61	54	13.0
Personnel at end of the period	3,440	3,050	12.8

## **Market outlook 2019**

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prevailing political situation increases uncertainty and affects the development of our operating environment and demand. In Europe, demand growth is expected to slow down. In Asia, the opening up of the service markets is expected to continue, but growth is expected to slow down.

## **Financial guidance 2019, updated on August 13, 2019**

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

# Financial development Q3/2019

# Revenue

**7-9/2019: 61.5 M€ (52.6 M€)**

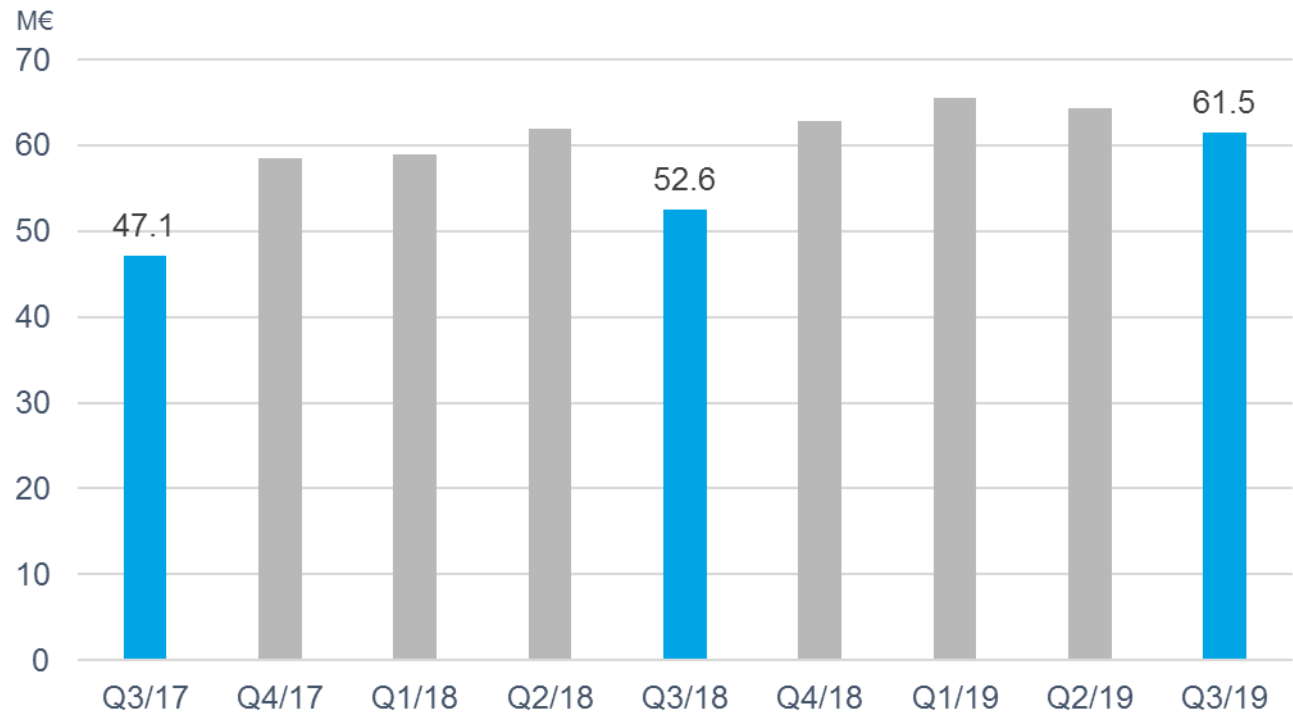
Growth 17.0%  
With comparable exchange rates 17.6%

Organic growth 5.1%  
With comparable exchange rates 5.8%

**1-9/2019: 191.5 M€ (173.6 M€)**

Growth 10.3%  
With comparable exchange rates 11.0%

Organic growth 4.4%  
With comparable exchange rates 5.1%



- Etteplan’s growth accelerated in the third quarter, boosted by acquisitions.
- Organic growth continued despite the slightly weakening market conditions.
- 1-9/2019: Revenue from key accounts grew by 5.4%.

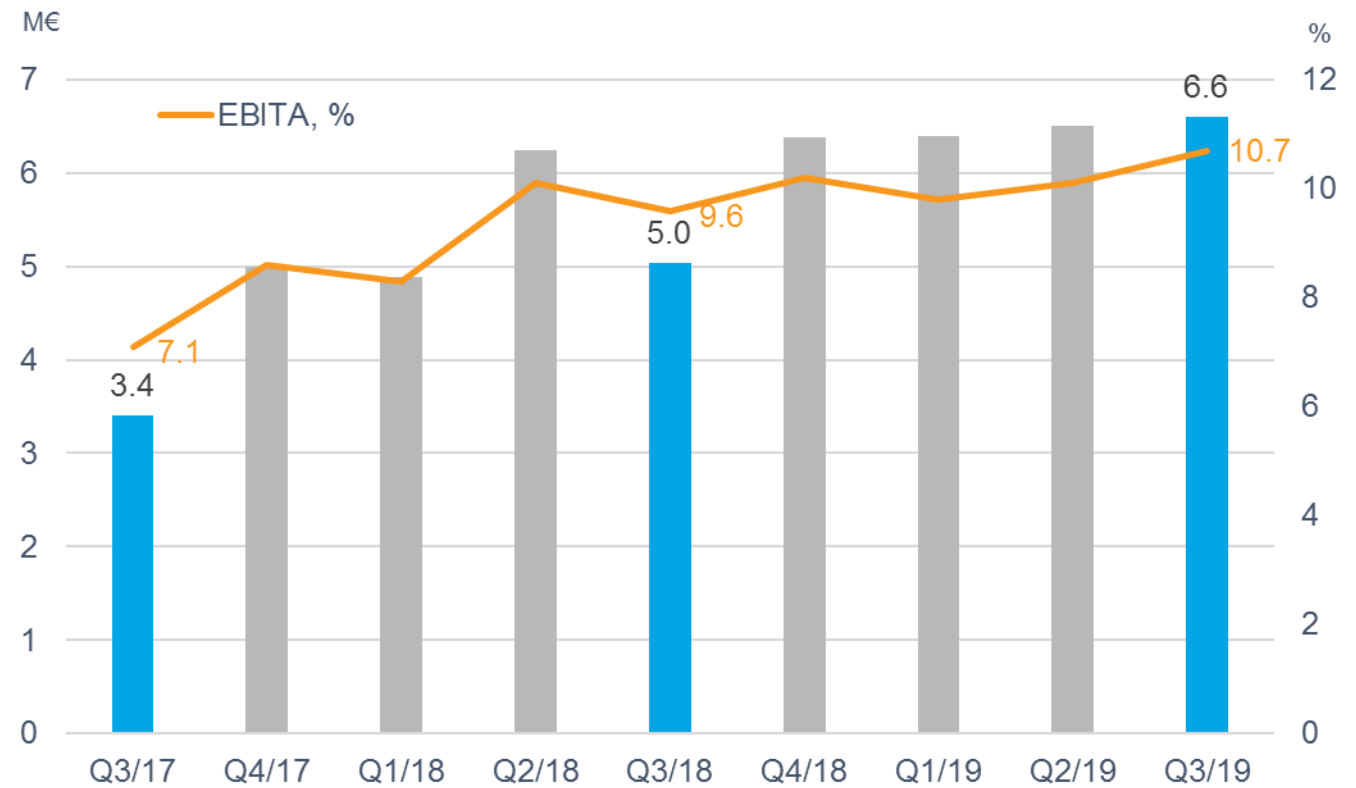
# Operating profit (EBITA)

**7-9/2019: 6.6 M€, 10.7%**  
(5.0 M€, 9.6%)

Non-recurring items 0.8 (-0.0) M€

**1-9/2019: 19.5 M€, 10.2%**  
(16.2 M€, 9.3%)

Non-recurring items 0.6 (-0.3) M€



- Good operative efficiency, success in project business and the increased share of Managed Services of Revenue supported profitability.
- A nonrecurring item related to the reevaluation of the earnout in Eatech acquisition improved operating profit.

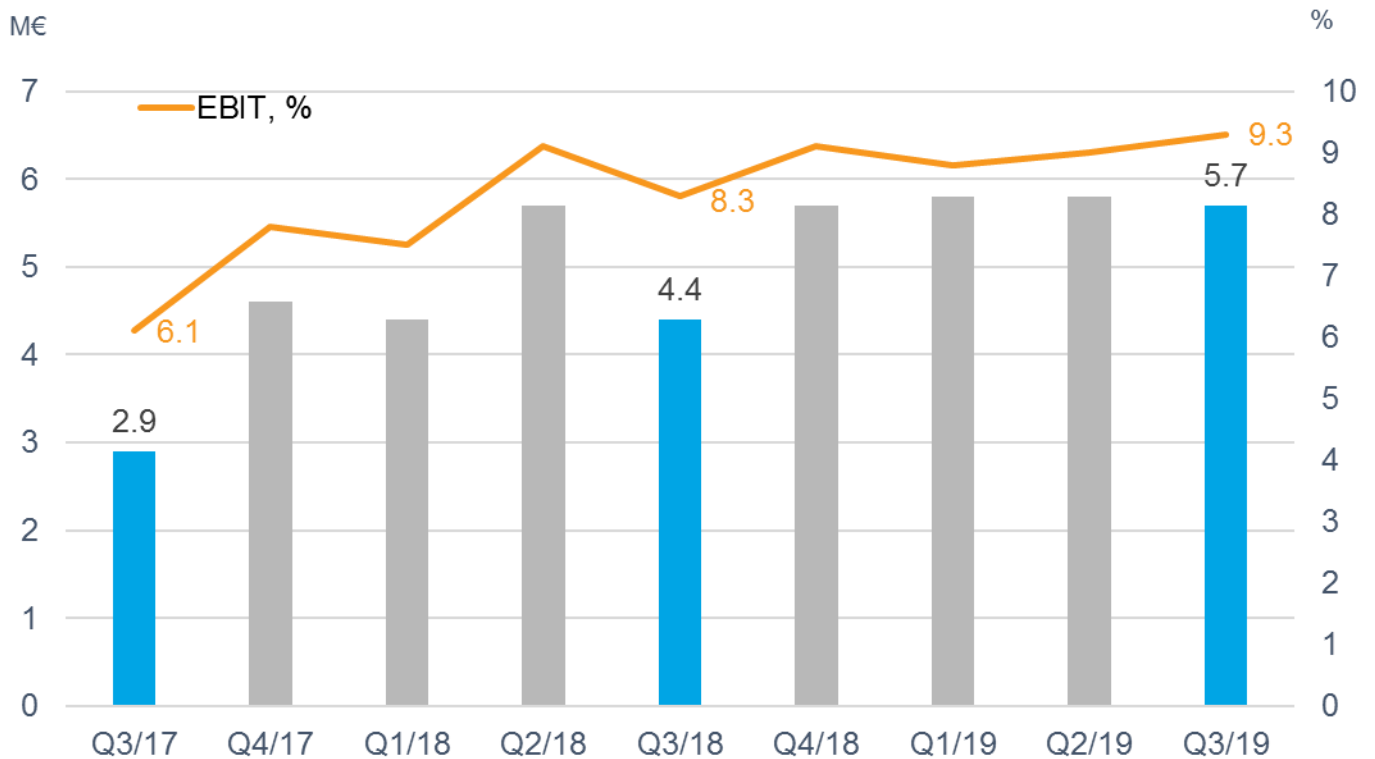
# Operating profit (EBIT)

**7-9/2019: 5.7 M€, 9.3%**  
(4.4 M€, 8.3%)

Non-recurring items 0.8 (-0.0) M€

**1-9/2019: 17.3 M€, 9.0%**  
(14.5 M€, 8.3%)

Non-recurring items 0.6 (-0.3) M€

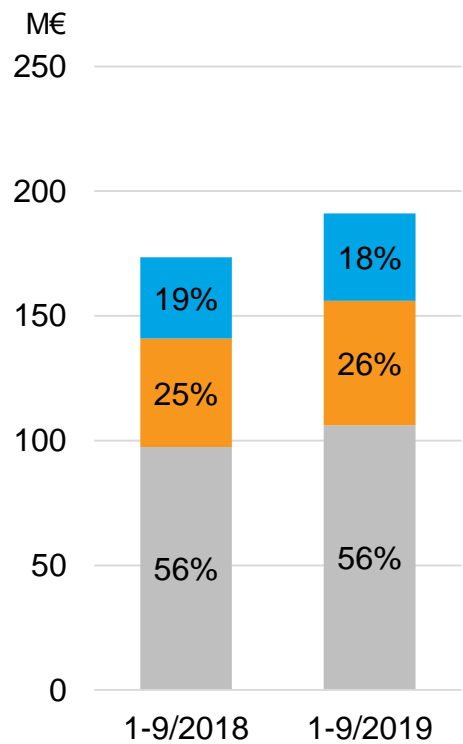


- Amortization related to acquisitions were EUR 0.9 million in 7-9/2019 and EUR 2.2 million in 1-9/2019.



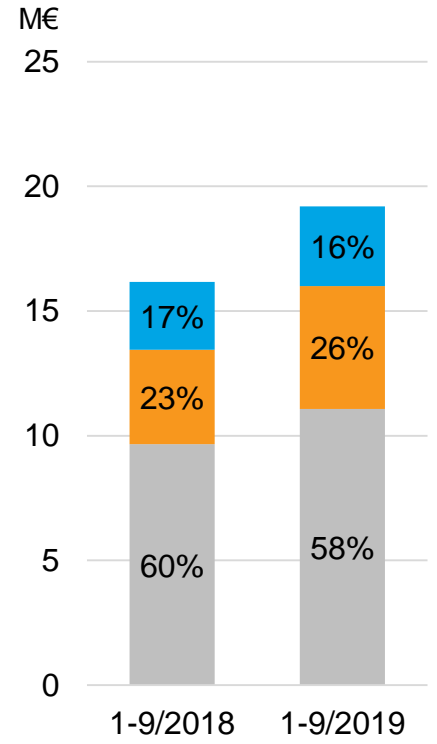
# Development by service area

Revenue



- Technical documentation solutions
- Software and embedded solutions
- Engineering solutions

Operating profit (EBITA)



- Technical documentation solutions
- Software and embedded solutions
- Engineering solutions

# Engineering Solutions

## Revenue

**7-9/2019: 35.3 M€ (28.8 M€)**

Growth 22.5%

**1-9/2019: 106.2 M€ (97.5 M€)**

Growth 9.0%

## Operating profit (EBITA)

**7-9/2019: 3.4 M€, 9.6%**

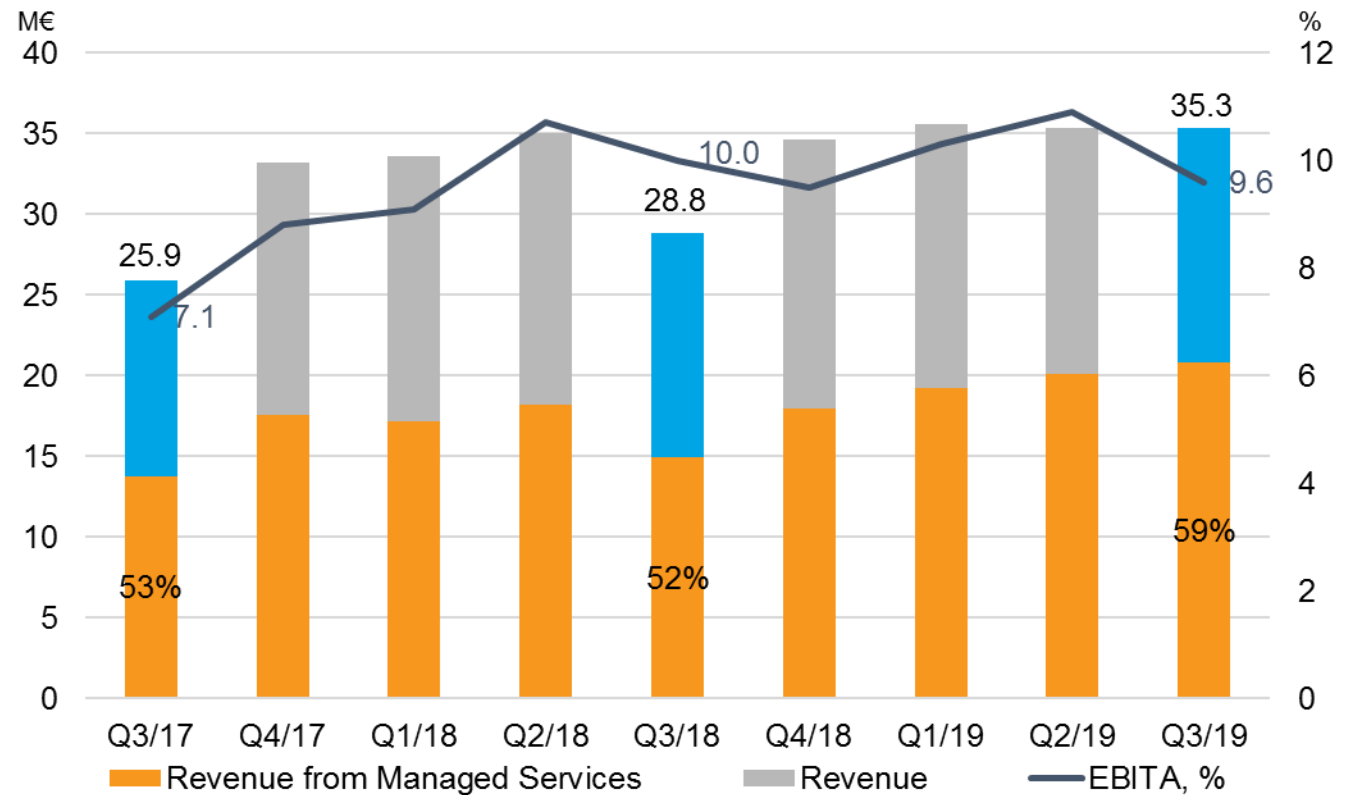
(2.9 M€, 10.0%)

**1-9/2019: 10.9 M€, 10.3%**

(9.7 M€, 10.0%)

## Personnel

Sep 30, 2019: 2,008 (1,743)



- The Service area developed well despite the slightly weakening demand growth.
- Acquisitions got a good start as part of Etteplan and supported growth.
- The uncertainty caused by the prevailing political situation affected our business in China.
- Profitability was at a good level thanks to good operational efficiency.

# Software and Embedded Solutions

## Revenue

**7-9/2019: 15.4 M€ (13.6 M€)**

Growth 12.9%

**1-9/2019: 49.8 M€ (43.5 M€)**

Growth 14.5%

## Operating profit (EBITA)

**7-9/2019: 1.6 M€, 10.1%**

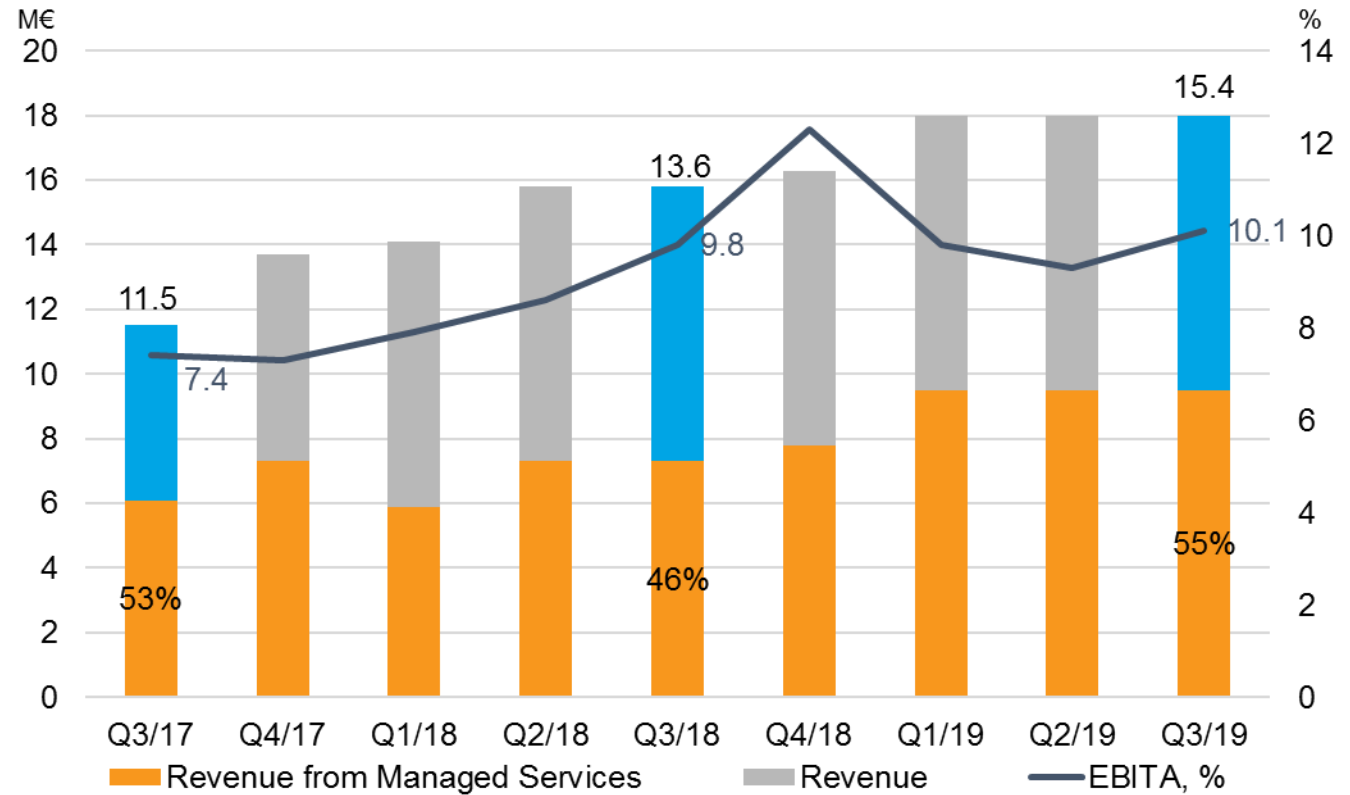
(1.3 M€, 9.8%)

**1-9/2019: 4.8 M€, 9.7%**

(3.8 M€, 8.8%)

## Personnel

Sep 30, 2019: 734 (650)



- The service area's demand situation was generally good in all customer industries.
- Operational efficiency was at a good level.
- Project business developed well and improved the share of Managed Services.

# Technical Documentation Solutions

## Revenue

**7-9/2019: 10.7 M€ (10.1 M€)**

Growth 5.8%

**1-9/2019: 35.1 M€ (32.6 M€)**

Growth 7.5%

## Operating profit (EBITA)

**7-9/2019: 0.8 M€, 7.8%**

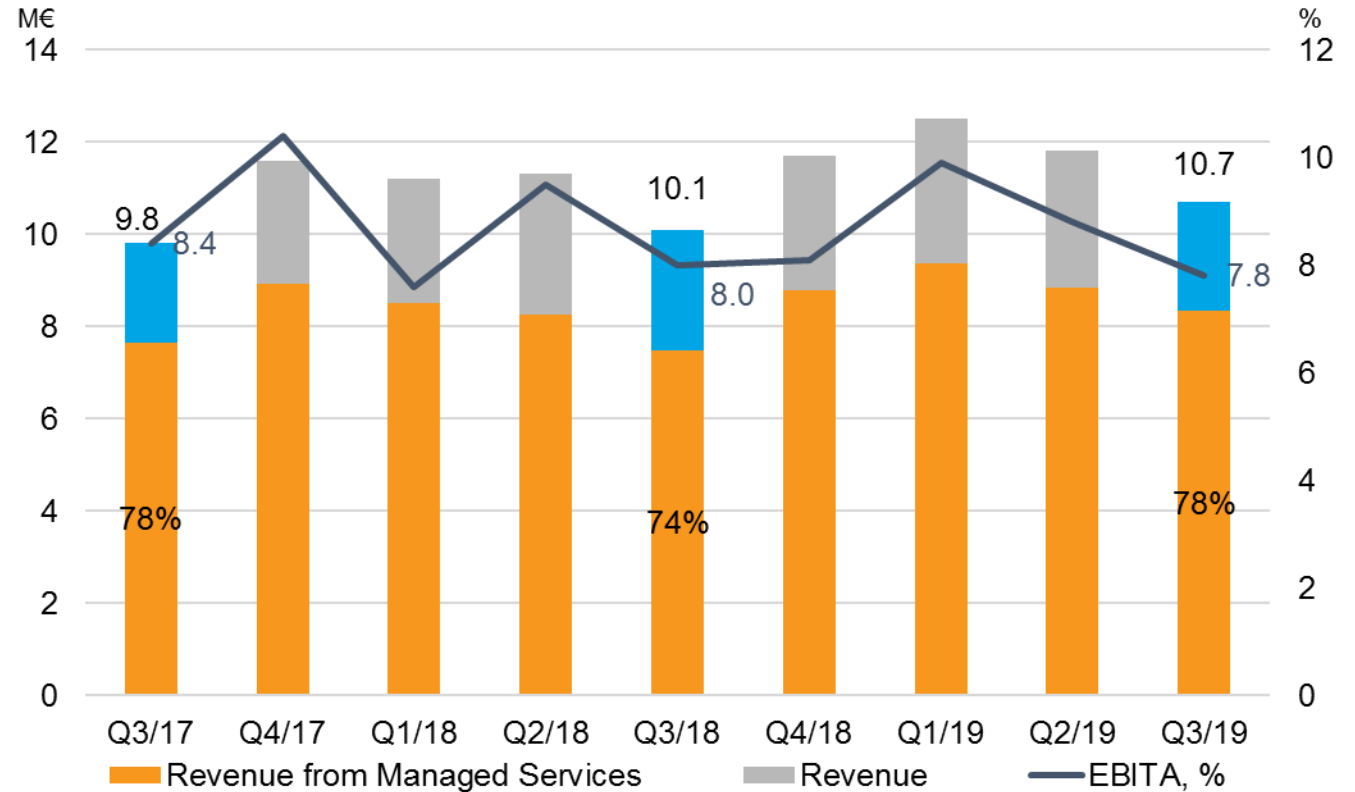
(0.8 M€, 8.0%)

**1-9/2019: 3.1 M€, 8.9%**

(2.7 M€, 8.4%)

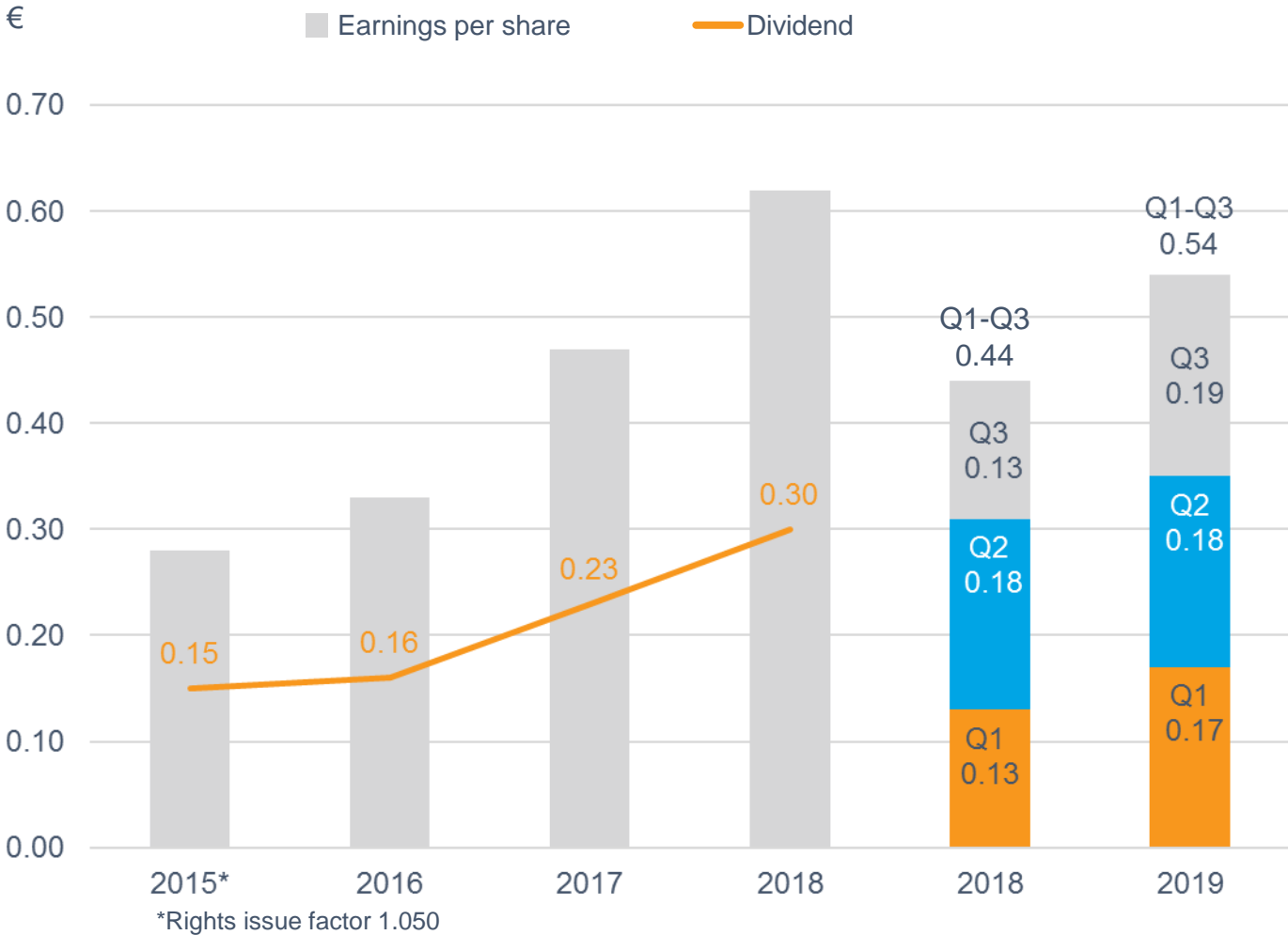
## Personnel

Sep 30, 2019: 610 (572)



- The demand situation weakened slightly as general uncertainty increased.
- The challenges in our business in Germany continued to burden profitability.
- Profitability was affected also by the low number of software deals as our customers waited for the launch of the new HyperSTE SaaS-service.

# Earnings per share and dividends

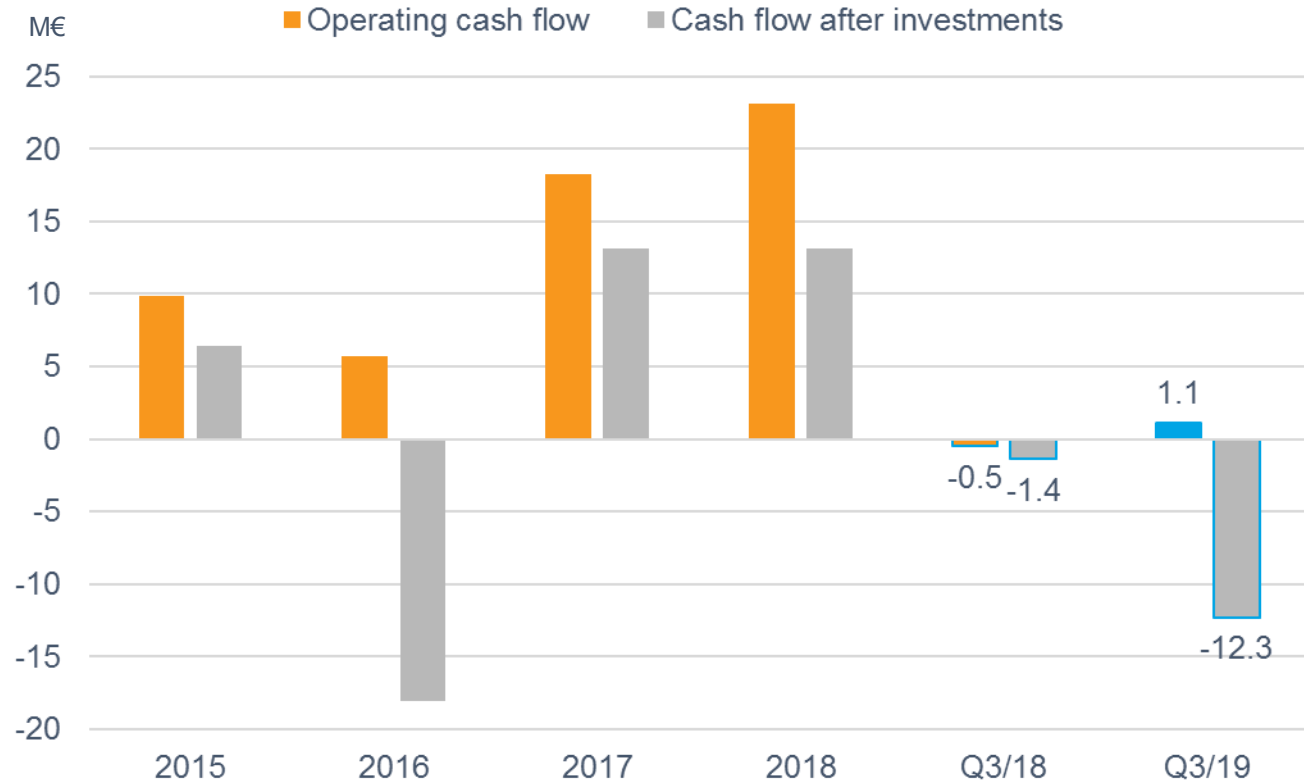


# Cash flow

## Operating cash flow

7-9/2019: 1.1 M€ (-0.5 M€)

1-9/2019: 15.4 M€ (7.2 M€)

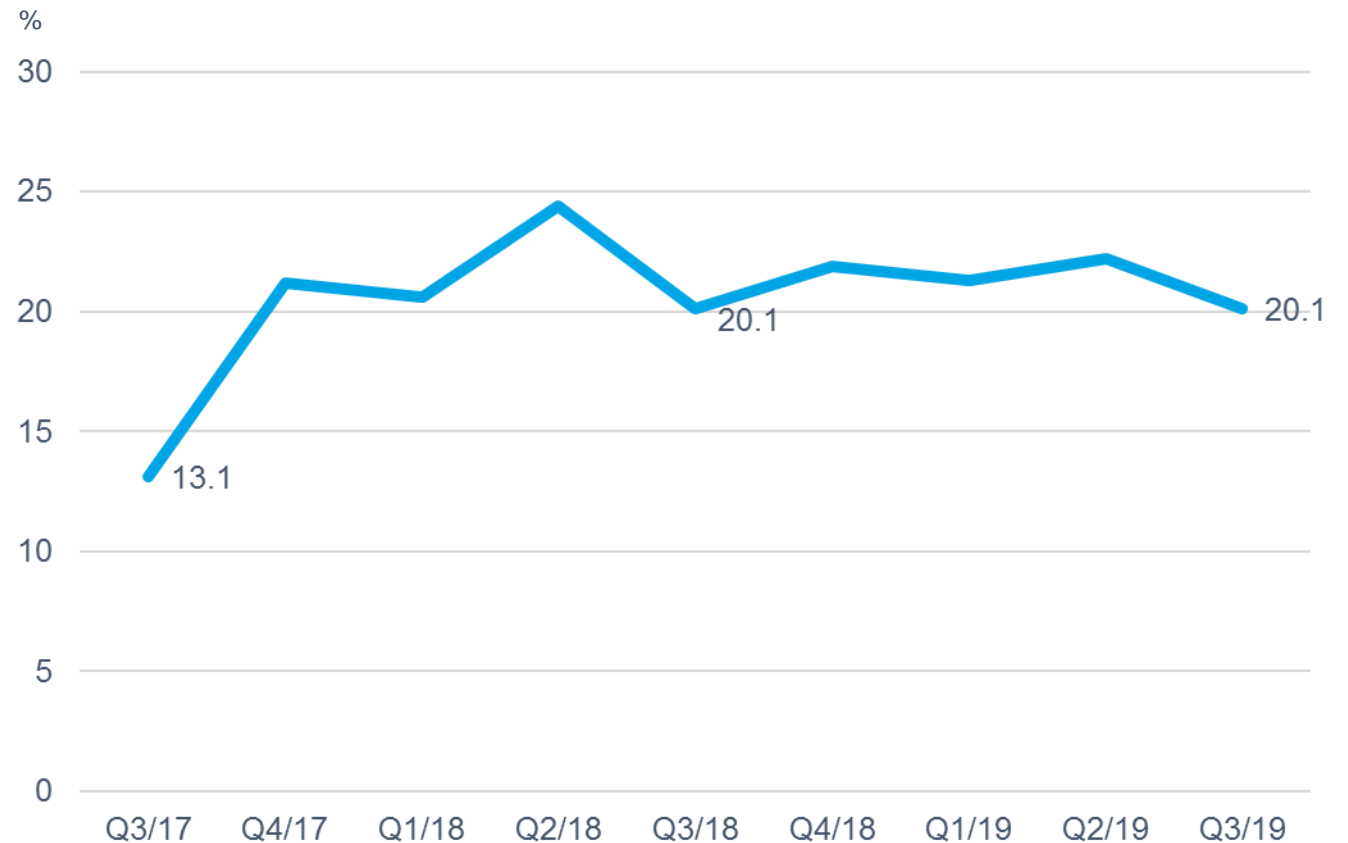


- Operative cash flow continued to develop well.
- Cash flow was affected by the good operational result and the adoption of IFRS 16 Leases.
- Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

# Return on capital employed

7-9/2019: 20.1% (20.1%)

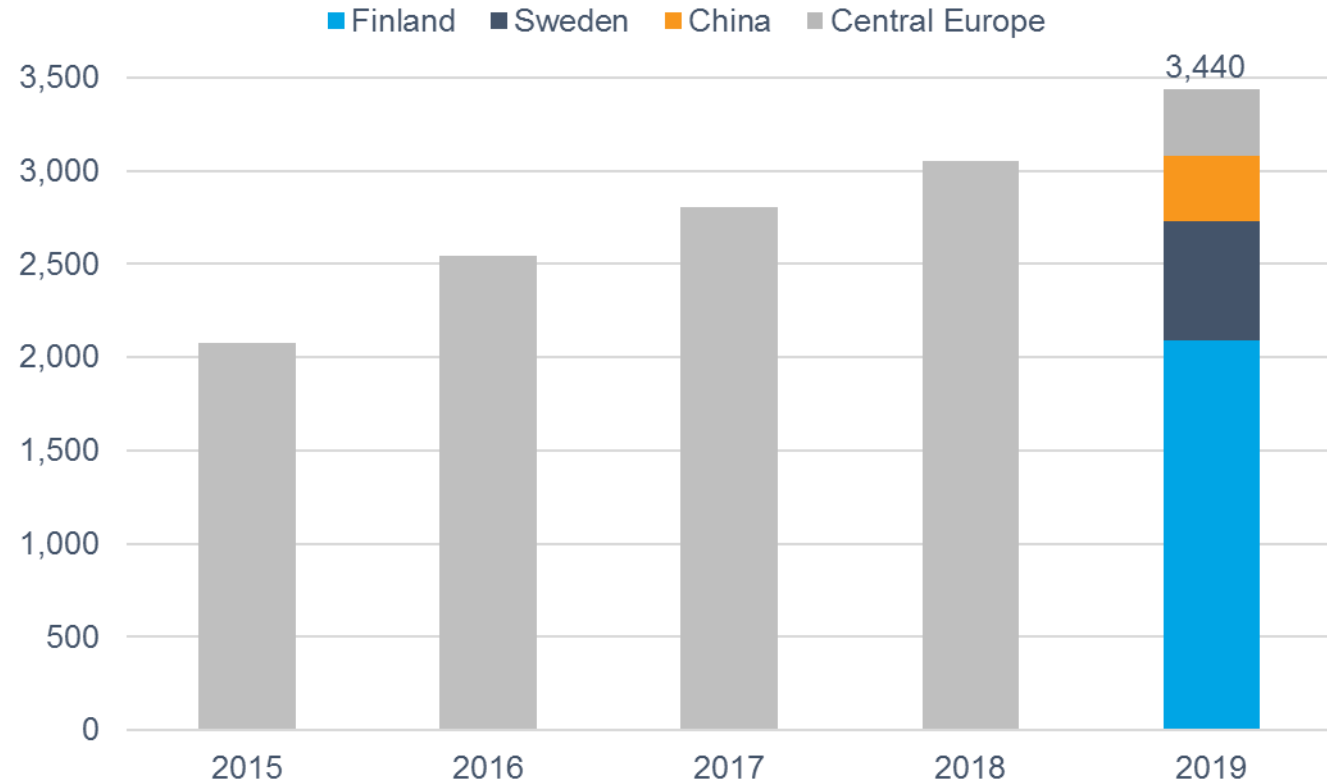
1-9/2019: 20.3% (21.1%)



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



# Personnel at the end of the period



- The amount of personnel grew by 12.8% year-on-year.
- At the end of the review period, 1,353 (Sep 30, 2018: 1,084) people were employed by the Group outside of Finland.

# Income statement

(MEUR)	1-9/2019	1-9/2018	Change %
Revenue	191.5	173.6	10.3
Other operating income	2.2	0.7	
Materials and services	-18.2	-15.9	
Staff costs	-126.8	-115.4	
Other operating expenses	-21.0	-24.4	
Depreciation and amortization	-10.4	-4.2	
<b>Operating profit (EBIT)</b>	<b>17.3</b>	<b>14.5</b>	<b>19.5</b>
Financial income	0.6	1.1	
Financial expenses	-1.0	-1.7	
Profit before taxes	16.8	13.9	20.8
Income taxes	-3.3	-3.1	
<b>Profit for the review period</b>	<b>13.5</b>	<b>10.9</b>	<b>24.2</b>

# Balance sheet

(MEUR)	Sep 30, 2019	Sep 30, 2018
Goodwill	75.7	66.5
Other non-current assets	45.2	26.3
<b>Non-current assets, total</b>	<b>120.9</b>	<b>92.7</b>
Inventory	0.4	0.4
Trade and other receivables	59.4	53.0
Cash and cash equivalents	6.6	6.4
<b>Current assets, total</b>	<b>66.4</b>	<b>59.8</b>
<b>TOTAL ASSETS</b>	<b>187.2</b>	<b>152.5</b>
Equity, total	72.0	63.1
Non-current liabilities, total	40.9	31.8
Current liabilities, total	74.3	57.6
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>187.2</b>	<b>152.5</b>

# Etteplan's targets

## FINANCIAL TARGETS

**15%**

On average annual  
revenue growth

1-9/2019: 10.3%

**10%**

Operating profit  
(EBITA)

1-9/2019: 10.2%

**65%**

Managed Services share  
of revenue by the end of  
2019

1-9/2019: 61%

**>30%**

Equity ratio

1-9/2019: 39.4%

## ACTIONS

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

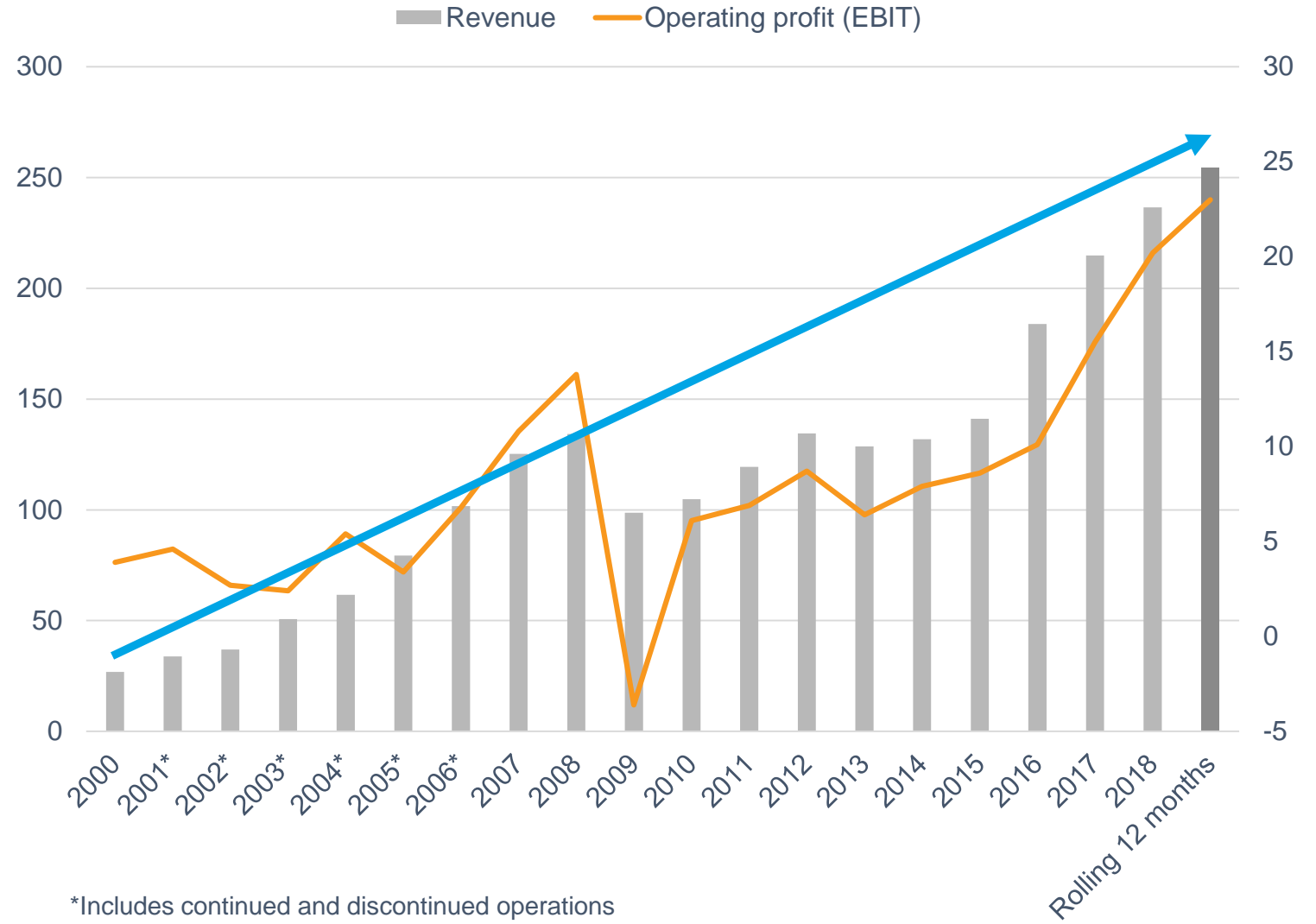
- Change in business model towards Managed services
- Market leadership

- Service solutions
- Technology solutions
- Project business

- Corresponding financing arrangements
- Improving cash flow

We are  
progressing  
towards our  
targets

# Revenue and EBIT 2000-2019



\*Includes continued and discontinued operations

# Investor Relations contacts

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