



# 2019: A year of international growth

Financial Statement Release  
2019

President and CEO  
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February 11, 2020

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# Highlights of 2019

# Highlights 1-12/2019

- + Revenue growth continued for the 25th consecutive quarter.
    - + Revenue grew by 12.0% at comparable exchange rates. Organic growth continued and was 4.1% at comparable exchange rates.
    - + We accelerated our international growth through four acquisitions.
  - + The share of Managed Services of revenue exceeded 60% for the first time, and supported profitability development.
  - + Profitability was at the targeted level for the full year, EBITA-% was 9.9.
  - + Cash flow was excellent.
  - + We updated our strategy and financial targets in December.
- Demand slowed down towards the end of the year.
  - Challenges in Germany continued to burden our profitability.
  - Market situation in China was challenging throughout the year due to trade war
- The Board's dividend proposal: EUR 0.35 (0.30) /share.

# Development of the operating environment

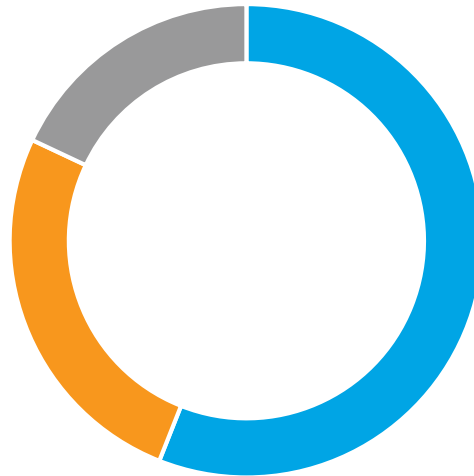
- The demand situation development was twofold during the year.
  - In the first half of the year demand grew.
  - In the second half the year the demand growth slowed down and, towards the end of the year, it declined.
- There were no significant changes in the demand for our services by customer industry.
  - Unpredictable changes in Etteplan's main markets and various customer industries, nevertheless, continued.
- 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- December 2019

- Finland: the demand situation remained relatively good, but the strikes that took place in December weakened demand.
- Sweden, the Netherlands and Poland: the demand situation has remained unchanged at a weaker level than in early 2019.
- Germany: the general demand situation has weakened, but demand in the process industry has remained at a good level.
- China: demand weakened due to the prevailing political situation. However, the opening up of the service market continued.

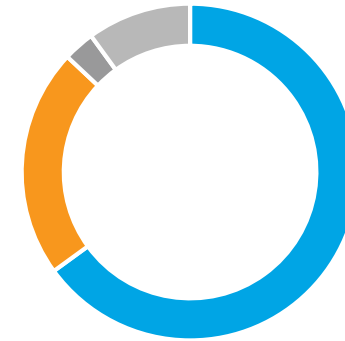
# Revenue and personnel 1-12/2019

## Revenue by service area



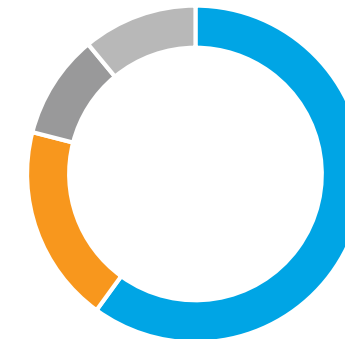
- Engineering solutions 56% (56%)
- Software and embedded solutions 26% (25%)
- Technical documentation solutions 18% (19%)

## Revenue by country



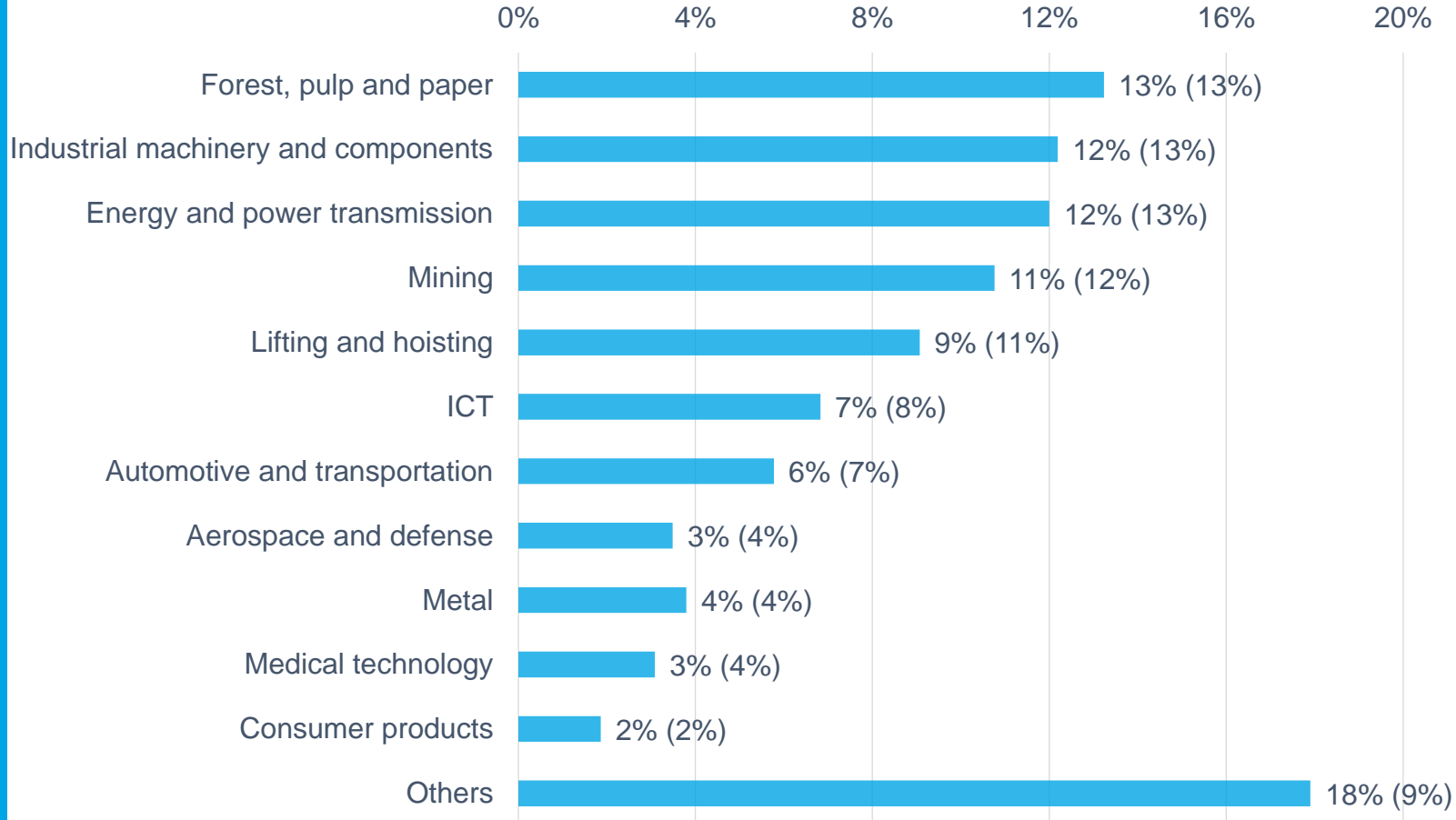
- Finland 65% (68%)
- Sweden 22% (21%)
- China 3% (3%)
- Central Europe 10% (8%)

## Personnel by country (end of period)



- Finland 60% (65%)
- Sweden 19% (16%)
- China 10% (12%)
- Central Europe 11% (7%)

# Revenue by customer segment 1-12/2019





# Key figures 1-12/2019

(EUR 1,000)	1-12/2019	1-12/2018	Change %
Revenue	263,292	236,477	11.3
Operating profit (EBITA)	25,964	22,555	15.1
EBITA, %	9.9	9.5	
Operating profit (EBIT)	22,819	20,184	13.1
EBIT, %	8.7	8.5	
Basic earnings per share, EUR	0.70	0.62	12.9
Equity ratio, %	38.9	42.9	
Operating cash flow	32,884	23,055	
ROCE, %	19.9	21.3	
Managed Services Index	60	54	11.1
Personnel at end of the period	3,447	3,055	12.8

# Outlook

## **Market outlook 2020**

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The year 2020 has got off to a slow start. In Finland, the labor market situation is affecting demand. In China, the coronavirus is influencing the market situation and increasing the uncertainty of the global market outlook. On the other hand, political uncertainty has decreased slightly and demand is expected to pick up during the early part of the year.

## **Financial guidance 2020**

We expect the revenue for 2020 to increase clearly and operating profit (EBIT) to be at the same level or improve compared to 2019.

# Financial development Q4/2019

# Key figures 10-12/2019

(EUR 1,000)	10-12/2019	10-12/2018	Change %
Revenue	71,798	62,887	14.2
Operating profit (EBITA)	6,471	6,384	1.4
EBITA, %	9.0	10.2	
Operating profit (EBIT)	5,553	5,731	-3.1
EBIT, %	7.7	9.1	
Basic earnings per share, EUR	0.16	0.18	-11.1
Equity ratio, %	38.9	42.9	
Operating cash flow	17,525	15,830	10.7
ROCE, %	19.1	21.9	
Managed Services Index	60	54	11.1
Personnel at end of the period	3,447	3,055	12.8

# Revenue

**10-12/2019: 71.8 M€ (62.9 M€)**

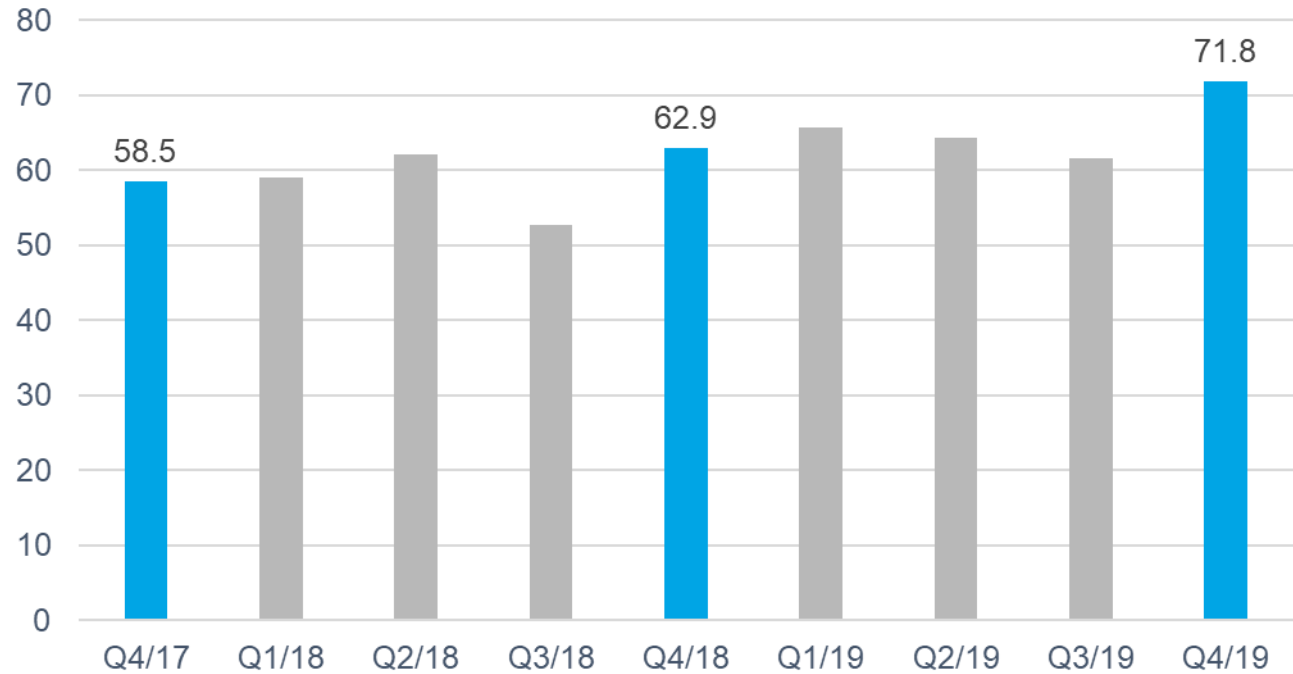
Growth 14.2%  
With comparable exchange rates 14.8%

Organic growth 0.7%  
With comparable exchange rates 1.4%

**1-12/2019: 263.3 M€ (236.5 M€)**

Growth 11.3%  
With comparable exchange rates 12.0%

Organic growth 3.4%  
With comparable exchange rates 4.1%



- Demand weakened toward the end of the year. The strikes had a direct negative effect of EUR 1.5 million on revenue and indirect effects through weaker demand.
- Etteplan continued to grow in the fourth quarter.
- Growth was accelerated by the acquisitions made during 2019.
- 1-12/2019: Revenue from key accounts grew by 4.8%.

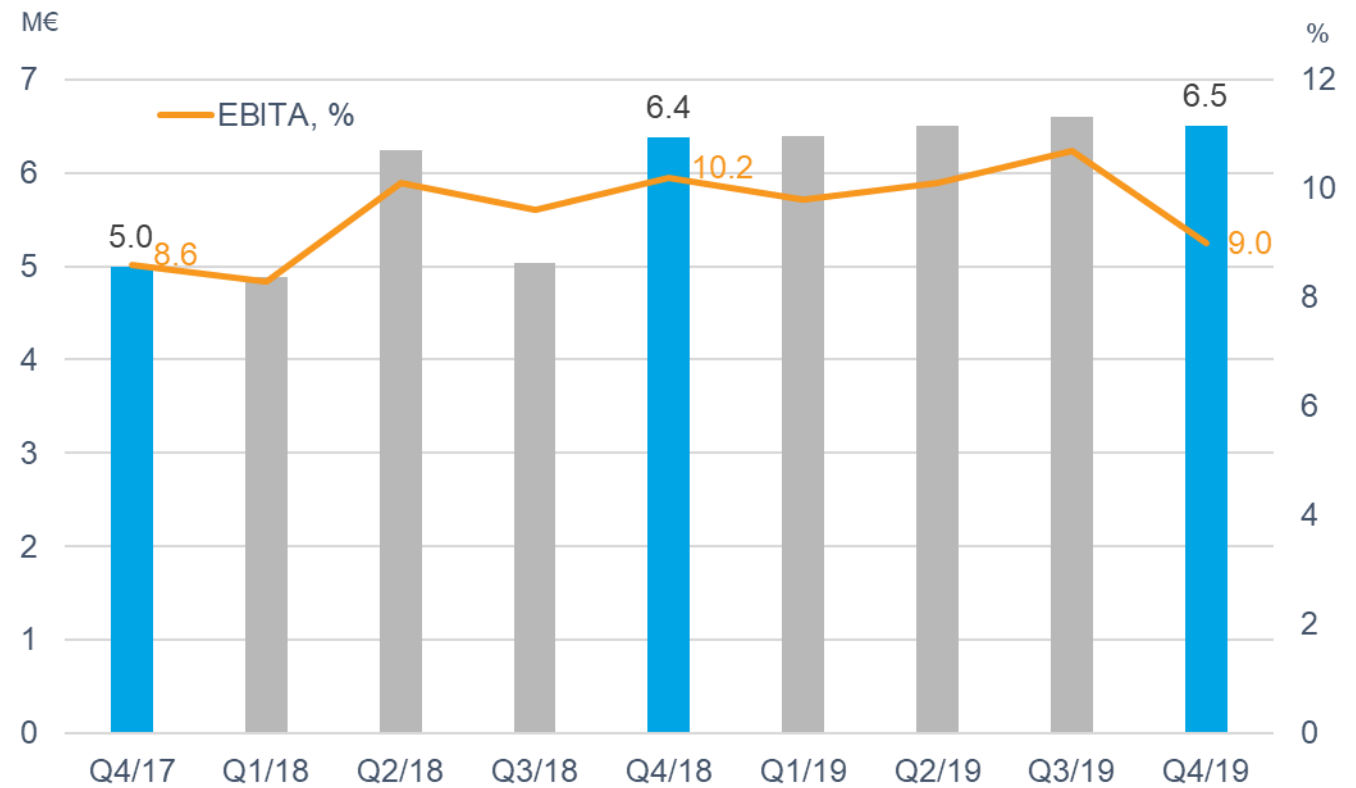
# Operating profit (EBITA)

**10-12/2019: 6.5 M€, 9.0%**  
(6.4 M€, 10.2%)

Non-recurring items 0.5 (0.0) M€

**1-12/2019: 26.0 M€, 9.9%**  
(22.6 M€, 9.5%)

Non-recurring items 1.1 (-0.3) M€



- Profitability was at the targeted level for the full year.
- Strikes in Finland had a significant effect on profitability in Q4.

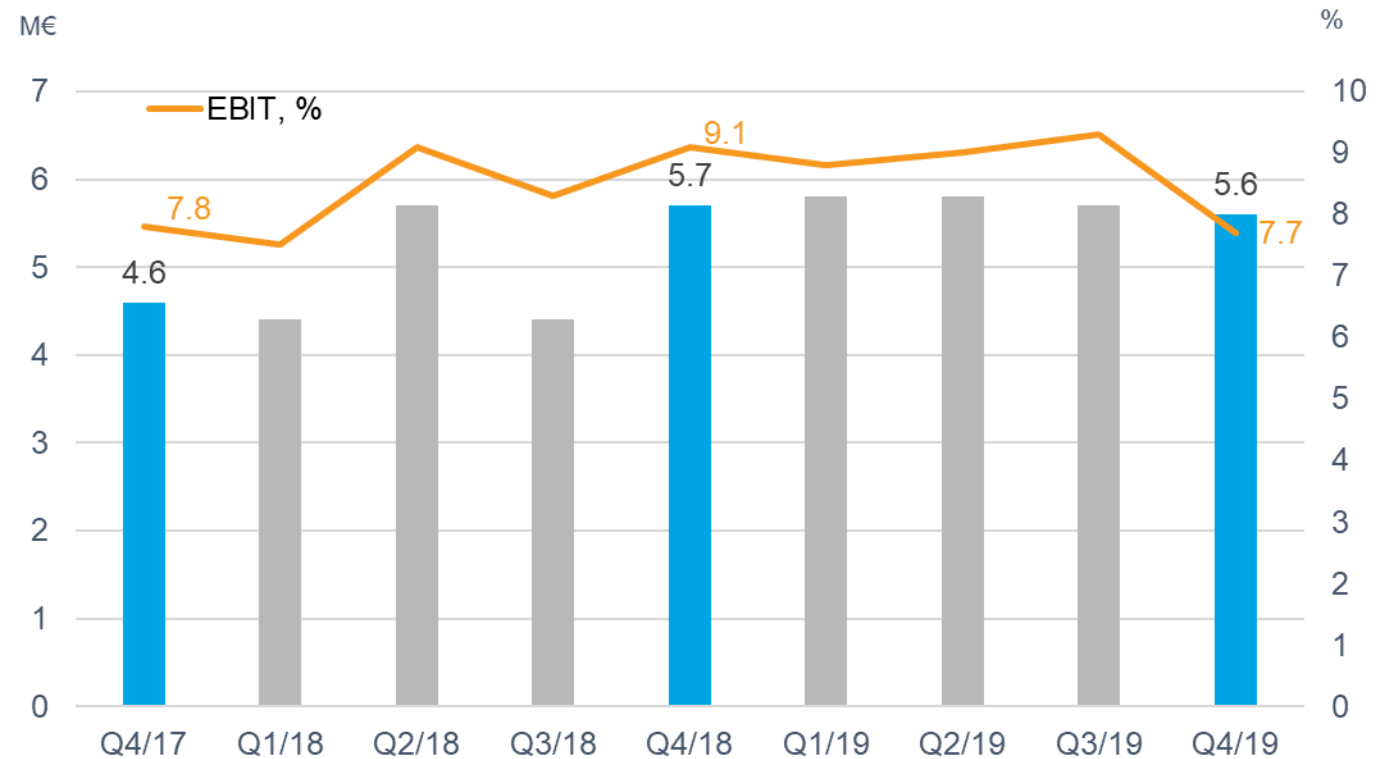
# Operating profit (EBIT)

**10-12/2019: 5.6 M€, 7.7%**  
(5.7 M€, 9.1%)

Non-recurring items 0.5 (0.0) M€

**1-12/2019: 22.8 M€, 8.7%**  
(20.2 M€, 8.5%)

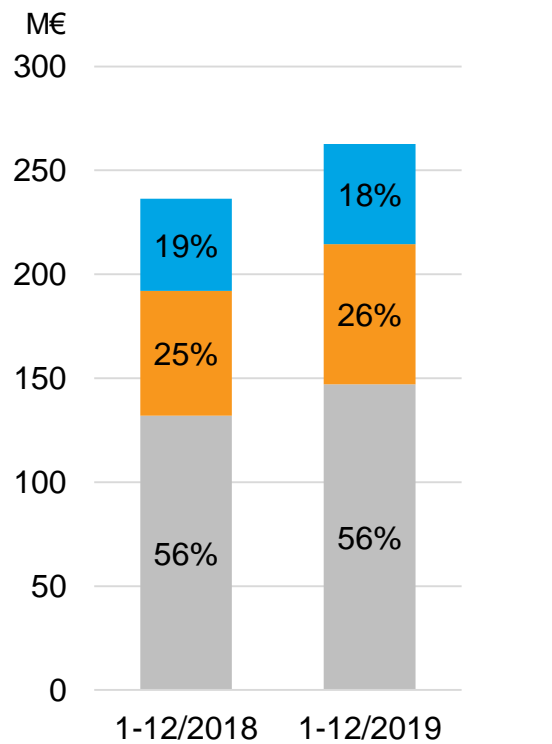
Non-recurring items 1.1 (-0.3) M€



- Amortization related to acquisitions were EUR 0.9 million in 10-12/2019 and EUR 3.1 million in 1-12/2019.

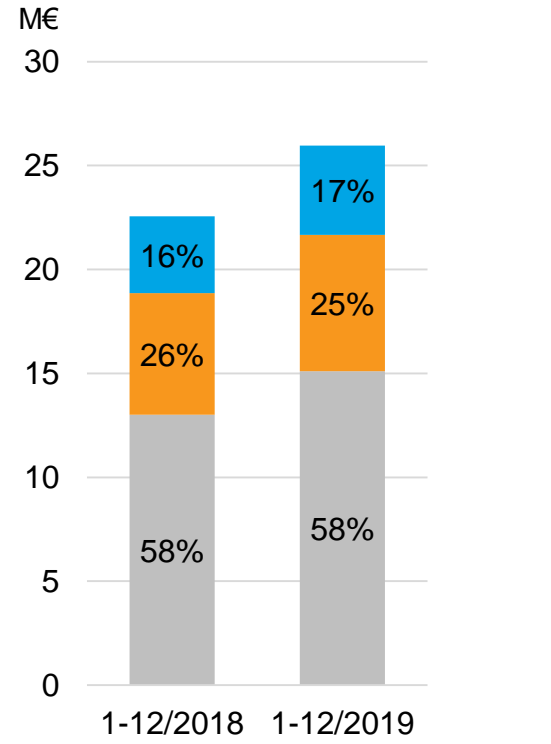
# Development by service area

### 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

**10-12/2019: 40.8 M€ (34.6 M€)**

Growth 18.1%

**1-12/2019: 147.0 M€ (132.1 M€)**

Growth 11.3%

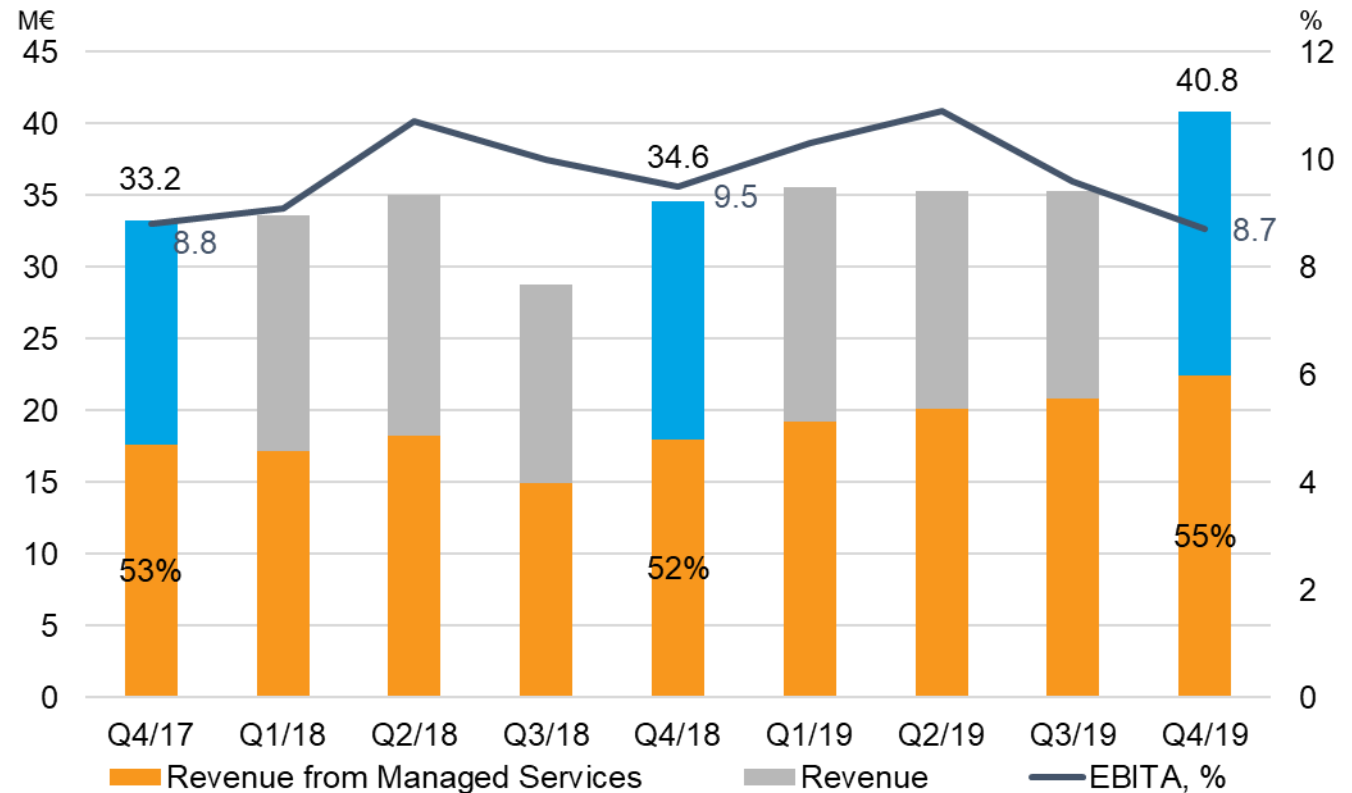
## Operating profit (EBITA)

**10-12/2019: 3.6 M€, 8.7%**  
(3.3 M€, 9.5%)

**1-12/2019: 14.5 M€, 9.8%**  
(13.0 M€, 9.8%)

## Personnel

Dec 31, 2019: 1,995 (1,735)



- The Service area developed well. The acquisitions supported growth.
- The strikes in Finland in December had a broad impact on the service area's development.
- 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

**10-12/2019: 17.7 M€ (16.5 M€)**

Growth 6.9%

**1-12/2019: 67.5 M€ (60.0 M€)**

Growth 12.4%

## Operating profit (EBITA)

**10-12/2019: 1.4 M€, 8.0%**

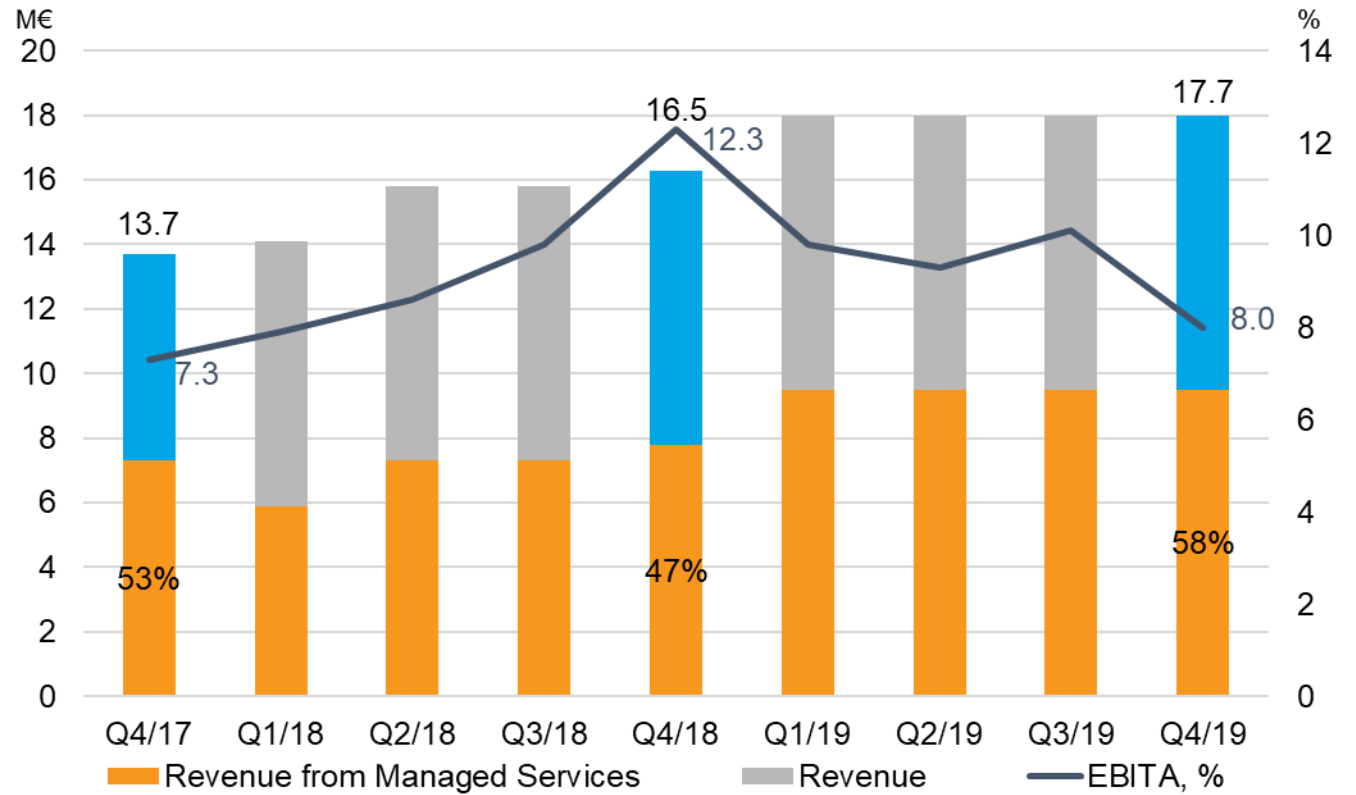
(2.0 M€, 12.3%)

**1-12/2019: 6.3 M€, 9.3%**

(5.8 M€, 9.7%)

## Personnel

Dec 31, 2019: 713 (650)



- The service area's demand situation weakened slightly in the final quarter of the year in all market areas.
- Profitability was weakened by challenges in certain projects, some projects ending in Sweden and the strikes in Finland.
- Project business developed well and improved the share of Managed Services.

# Technical Documentation Solutions

## Revenue

**10-12/2019: 13.1 M€ (11.7 M€)**

Growth 11.8%

**1-12/2019: 48.2 M€ (44.3 M€)**

Growth 8.8%

## Operating profit (EBITA)

**10-12/2019: 0.9 M€, 6.8%**

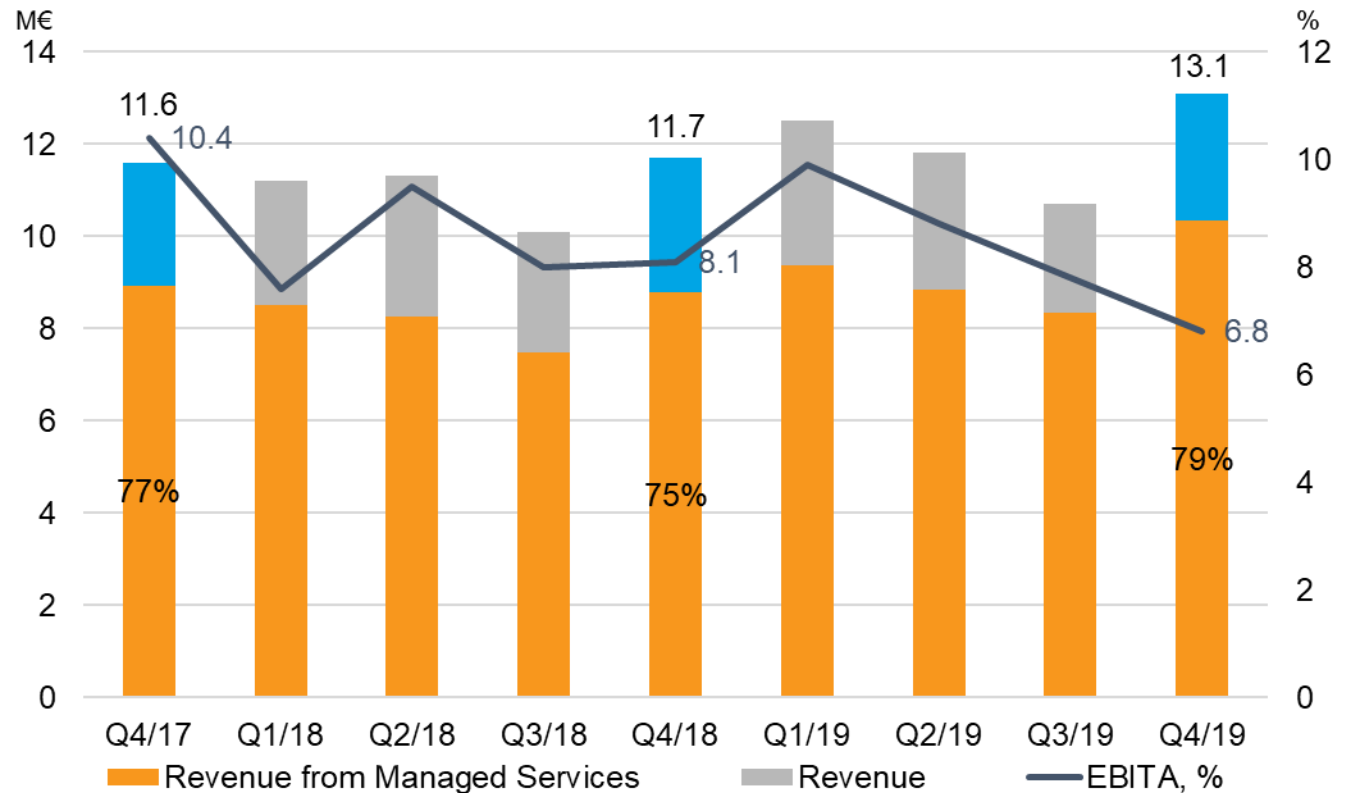
(1.0 M€, 8.1%)

**1-12/2019: 4.1 M€, 8.5%**

(3.7 M€, 8.3%)

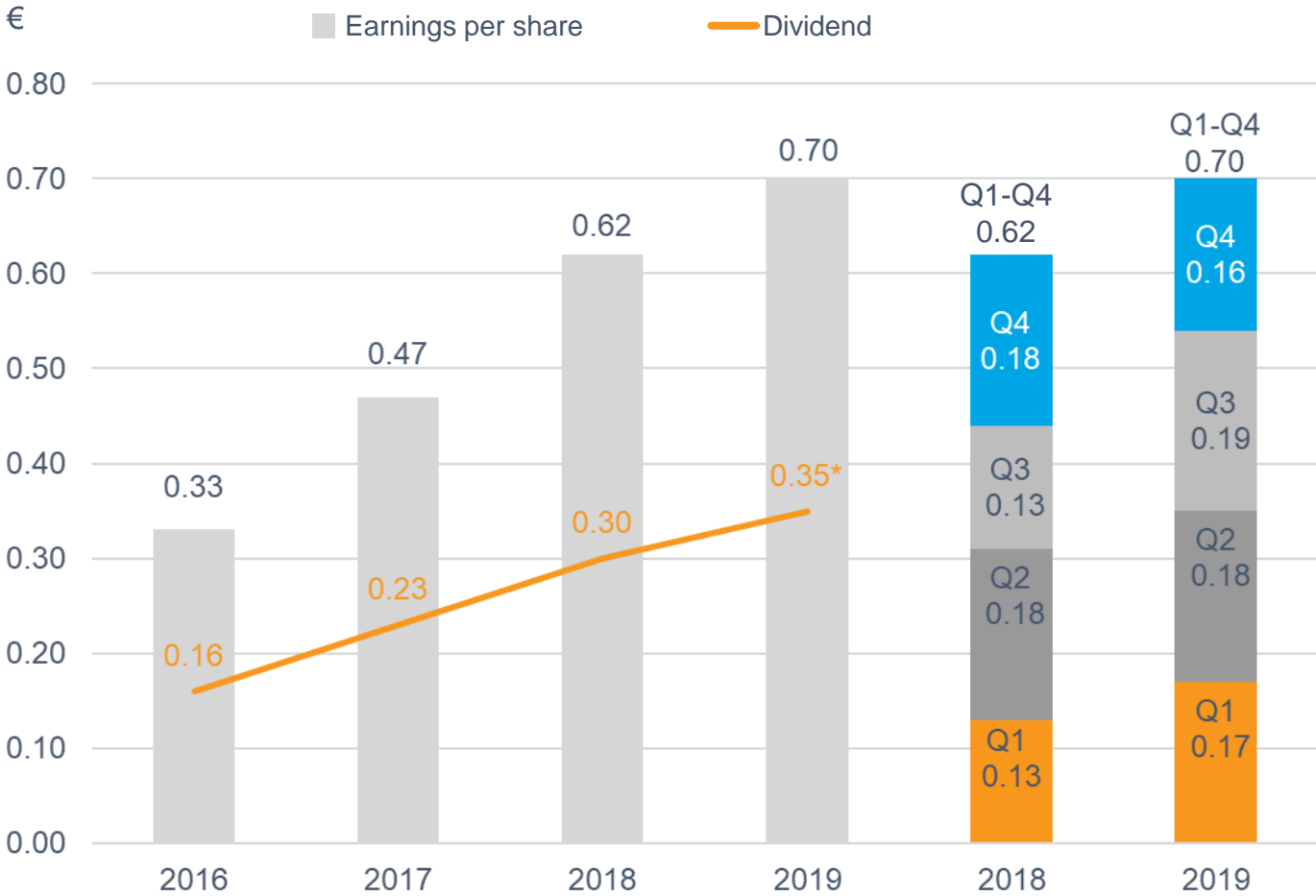
## Personnel

Dec 31, 2019: 651 (586)



- The service area's demand situation weakened toward the end of the year. The strikes in Finland weakened the service area's growth.
- Our business in Germany developed in a positive direction, but a long-delayed project weakened profitability, as expected.
- In the Netherlands, Etteplan implemented organizational restructuring measures, which also affected profitability.

# Earnings per share and dividends



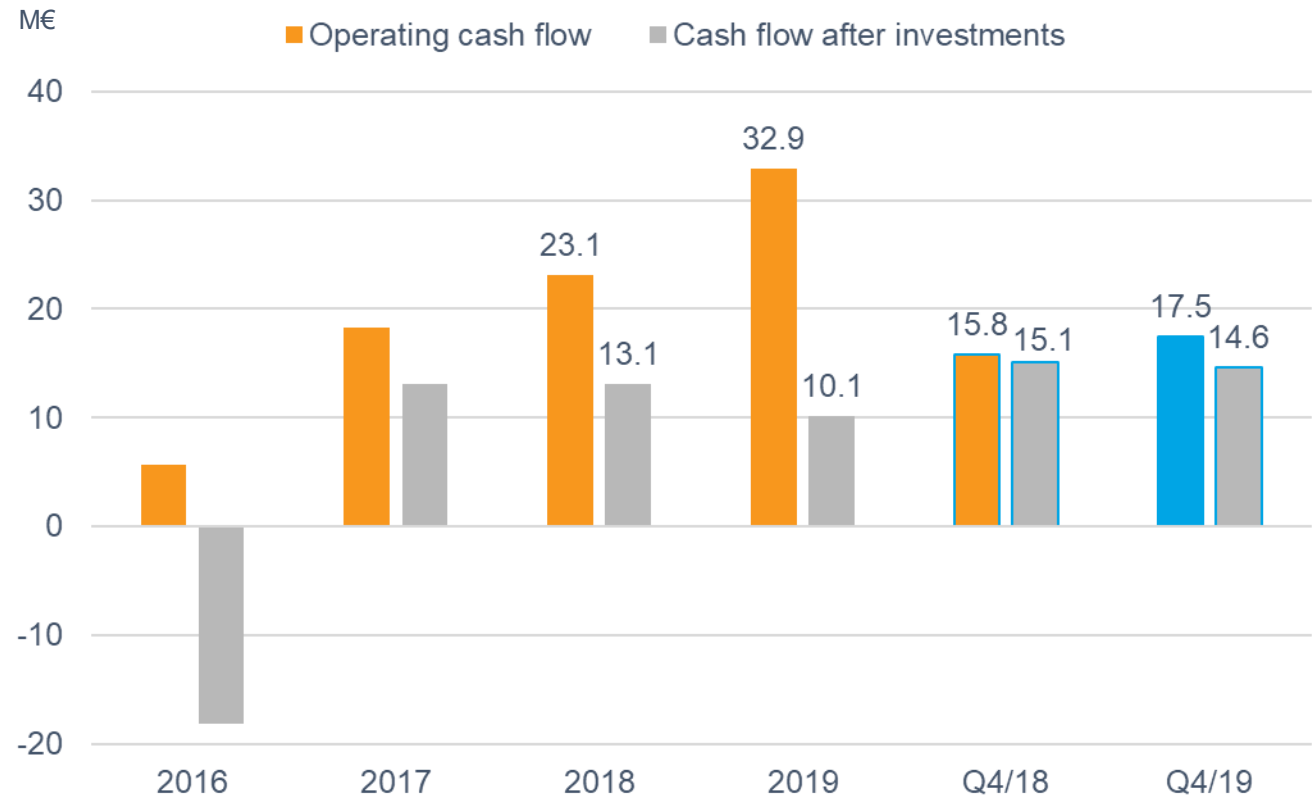
- \*Board's proposal

# Cash flow

## Operating cash flow

10-12/2019: 17.5 M€ (15.8 M€)

1-12/2019: 32.9 M€ (23.1 M€)

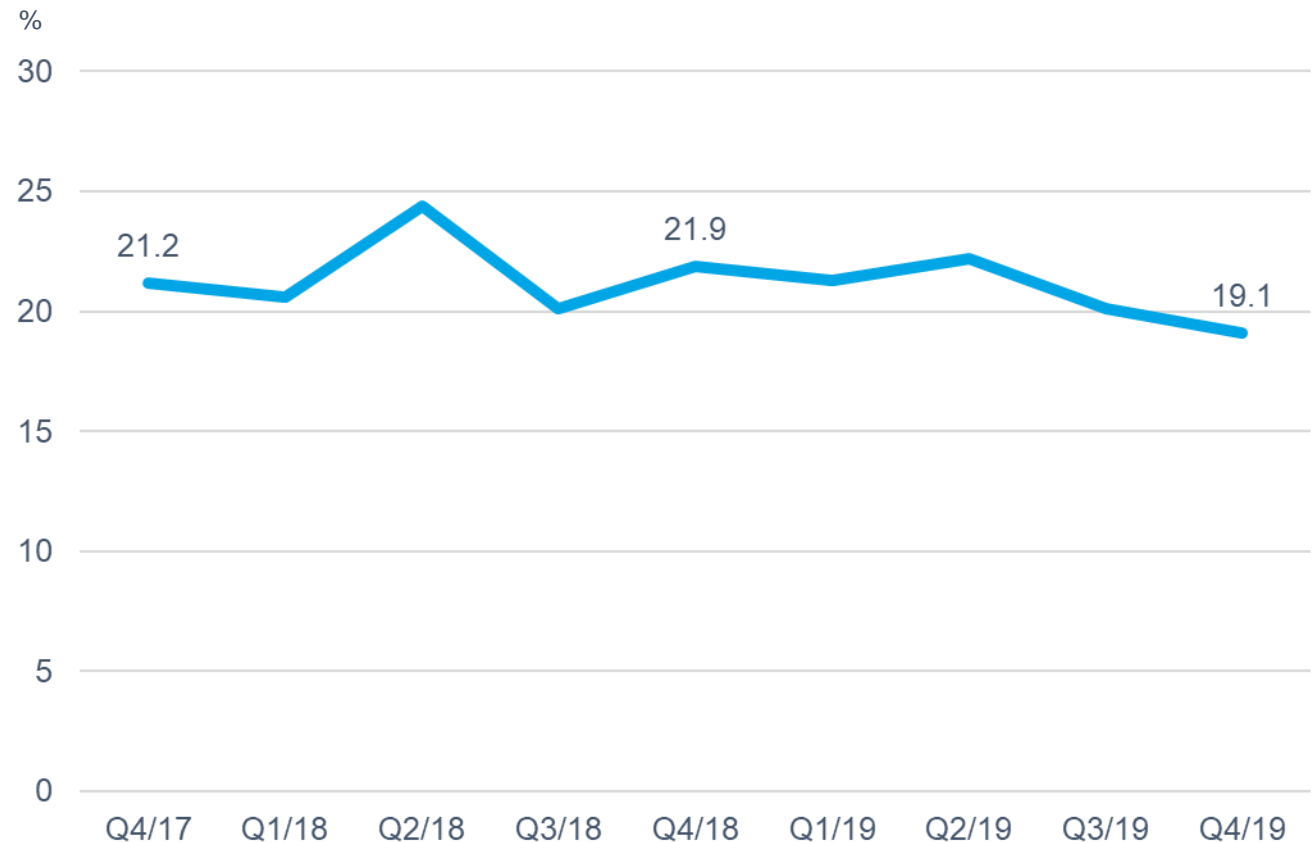


- Operating cash flow continued to develop well.
- Cash flow was affected by the good operational result and the adoption of IFRS 16 Leases.
- Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

# Return on capital employed

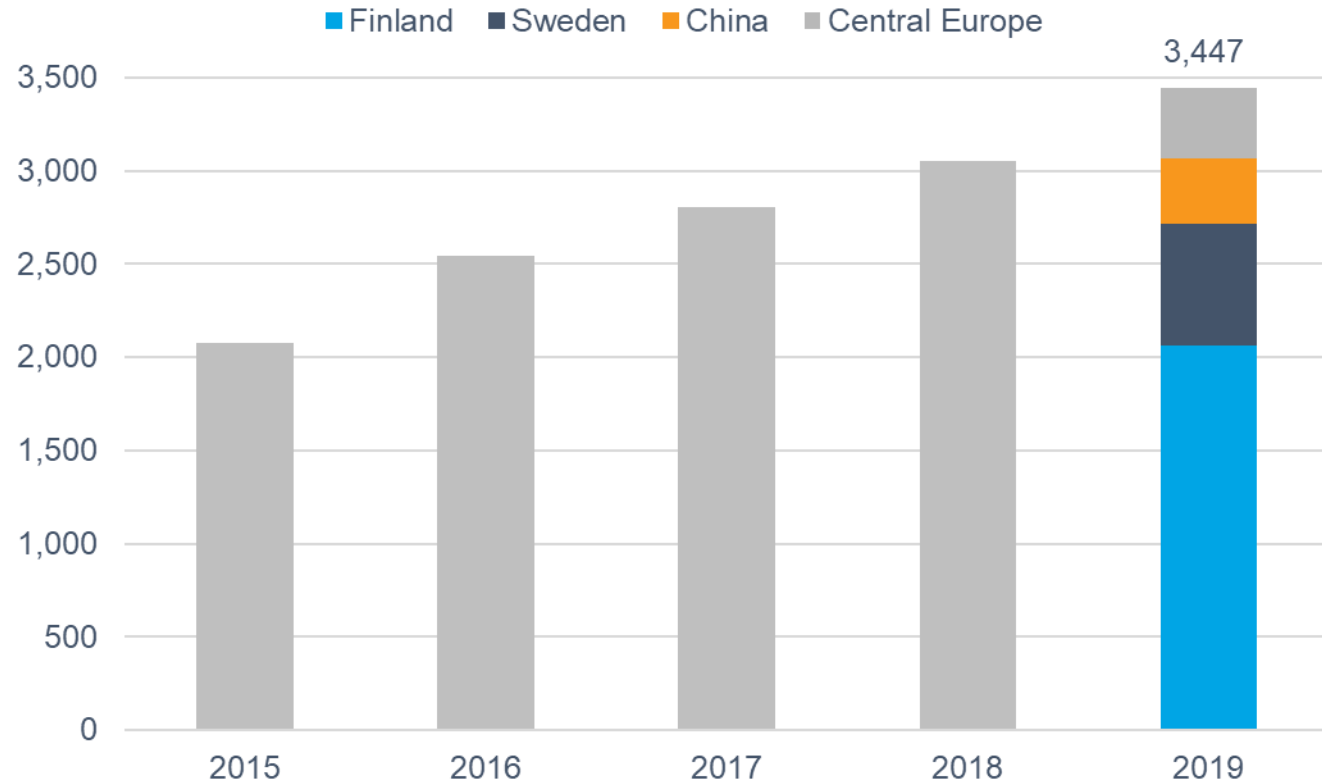
10-12/2019: 19.1% (21.9%)

1-12/2019: 19.9% (21.3%)



- 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, 1,382 (Dec 31, 2018: 1,073) people were employed by the Group outside of Finland.

# Income statement

(MEUR)	1-12/2019	1-12/2018	Change %
Revenue	263.3	236.5	11.3
Other operating income	2.6	1.2	
Materials and services	-26.6	-21.8	
Staff costs	-172.5	-156.2	
Other operating expenses	-29.3	-33.7	
Depreciation and amortization	-14.7	-5.8	
<b>Operating profit (EBIT)</b>	<b>22.8</b>	<b>20.2</b>	<b>13.1</b>
Financial income	0.7	0.8	
Financial expenses	-1.6	-1.6	
<b>Profit before taxes</b>	<b>21.9</b>	<b>19.4</b>	<b>13.0</b>
Income taxes	-4.5	-4.1	
<b>Profit for the review period</b>	<b>17.4</b>	<b>15.3</b>	<b>13.8</b>

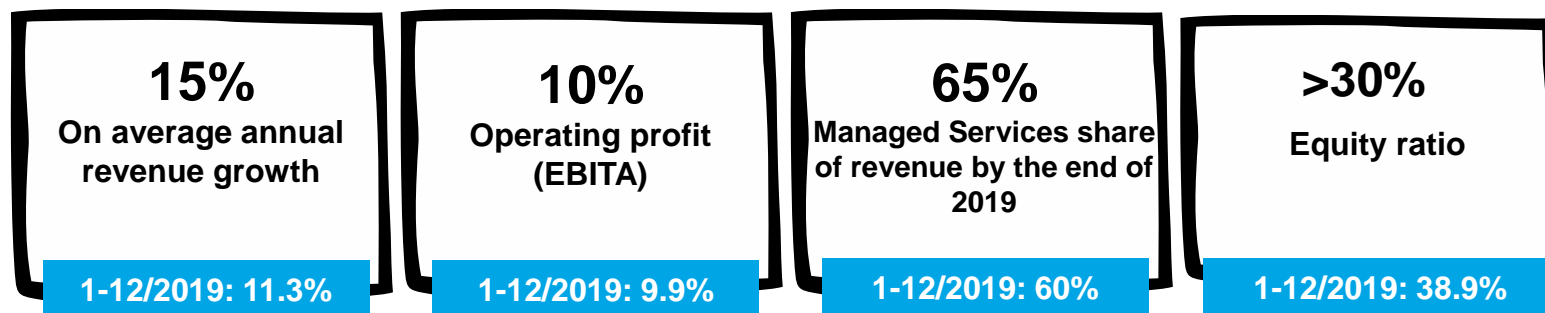


# Balance sheet

(MEUR)	Dec 31, 2019	Dec 31, 2018
Goodwill	79.0	65.2
Other non-current assets	45.4	25.8
<b>Non-current assets, total</b>	<b>124.5</b>	<b>91.0</b>
Inventory	0.3	0.4
Trade and other receivables	62.2	53.1
Cash and cash equivalents	15.9	16.1
<b>Current assets, total</b>	<b>78.4</b>	<b>69.6</b>
<b>TOTAL ASSETS</b>	<b>202.9</b>	<b>160.6</b>
Equity, total	76.7	67.5
Non-current liabilities, total	39.6	30.7
Current liabilities, total	86.5	62.4
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>202.9</b>	<b>160.6</b>

# Etteplan's targets

## FINANCIAL TARGETS 2019



## ACTIONS

- |   |   |   |  |
|---|---|---|--|
| <ul style="list-style-type: none"><li>• Growth in key customers</li><li>• Organic growth through service solutions</li><li>• Acquisitions</li></ul> | <ul style="list-style-type: none"><li>• Change in business model towards Managed services</li><li>• Market leadership</li></ul> | <ul style="list-style-type: none"><li>• Service solutions</li><li>• Technology solutions</li><li>• Project business</li></ul> | <ul style="list-style-type: none"><li>• Corresponding financing arrangements</li><li>• Improving cash flow</li></ul> |
|---|---|---|--|

# Financial targets 2019

# HOW DO WE WIN

Increasing value for customers

## INDUSTRY TRENDS

- Digitalization
- Accelerating technological development
- Lack of engineering resources

## PURPOSE

We help our customers to create better world through engineering, innovation and digitalization.

### CUSTOMER VALUE

We strive for continuous development and proactively propose new solutions to improve our customers' business.

### SERVICE SOLUTION

We combine our expertise and new technologies to create higher value to our customers.

### SUCCESS WITH PEOPLE

We are a talented team. By working together with passion and commitment we achieve results that matter.

Values: Customer oriented • Proactive • Attractive

# Engineering with a difference

# Financial targets 2020-2024

Revenue  
> EUR 500  
million

2019:  
EUR 263 million  
or 11.3% growth

50%  
Revenue  
outside  
Finland

2019: 35%

75%  
Managed  
Services share  
of revenue

2019: 60%

10%  
Operating profit  
(EBITA)

2019: 9.9%

## ACTIONS

- Constant development of Service Solutions
- Digitalization
- International growth
- Acquisitions

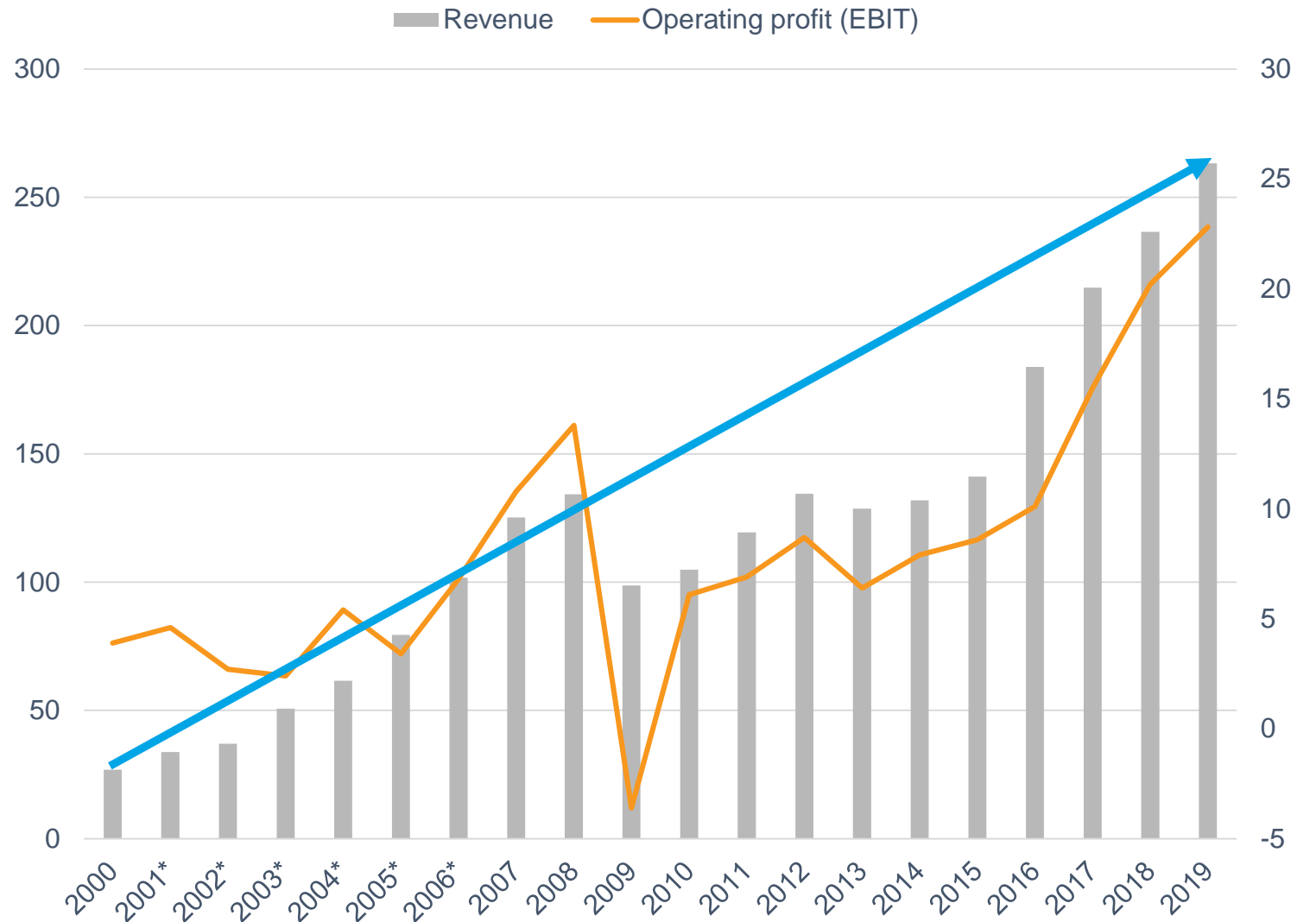
- Expanding our full service offering to all current markets

- Service solutions
- Technology solutions
- Project business

- Change in business model towards Managed services
- Market leadership

# Q&A

# Revenue and EBIT 2000-2019



\*Includes continued and discontinued operations

# Investor Relations contacts

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