

2015

Etteplan Q2: Stable development continued

President and CEO Juha Näkki
August 12, 2015



Market review

- The demand for engineering services in the first half of 2015 was on average at a better level than in the previous year.
 - New orders received by major customers grew in January-March. The growth leveled off in April-June.
 - The demand for outsourcing services continued to develop favorably.
- Market development in Finland was slow.
- In Sweden markets developed positively.
- In the Netherlands, demand continued to improve in technical documentation.
- Uncertainty increased in the Chinese market, which slowed down customers' decision-making.

Highlights 4-6/2015

- + EBIT from business operations and cash flow improved clearly.
 - + Key accounts grew faster than other revenue.
 - + The share of high value-added services grew in line with the company's targets.
 - + In Technical Documentation our business development was excellent.
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- In Engineering Services our revenue decreased slightly.
 - Chinese revenue declined and the number of working hours sold to the Chinese market was lower than in the comparison period.

Key figures 4-6/2015

(EUR 1,000)	4-6/2015	4-6/2014	Change %
Revenue	34,240	33,737	1.5
EBIT from business operations*	2,509	1,975	27.0
EBIT from business operations, %	7.3	5.9	
Operating profit (EBIT)	2,305	2,273	1.4
EBIT, %	6.7	6.7	
Basic earnings per share, EUR	0.09	0.09	0.0
Equity ratio, %	38.4	33.7	
Operating cash flow	3,695	3,058	20.8
ROCE, %	19.8	20.7	
Personnel at end of the period	1,900	1,843	3.1

* EBIT excluding acquisition related items such as amortization on PPA allocations and earn out revaluations

Key figures 1-6/2015

(EUR 1,000)	1-6/2015	1-6/2014	Change %
Revenue	68,890	67,019	2.8
EBIT from business operations*	4,763	3,335	42.8
EBIT from business operations, %	6.9	5.0	
Operating profit (EBIT)	4,356	3,430	27.0
EBIT, %	6.3	5.1	
Basic earnings per share, EUR	0.16	0.13	23.1
Equity ratio, %	38.4	33.7	
Operating cash flow	3,832	1,363	181.2
ROCE, %	18.3	15.5	
Personnel at end of the period	1,900	1,843	3.1

* EBIT excluding acquisition related items such as amortization on PPA allocations and earn out revaluations

Outlook

Market outlook

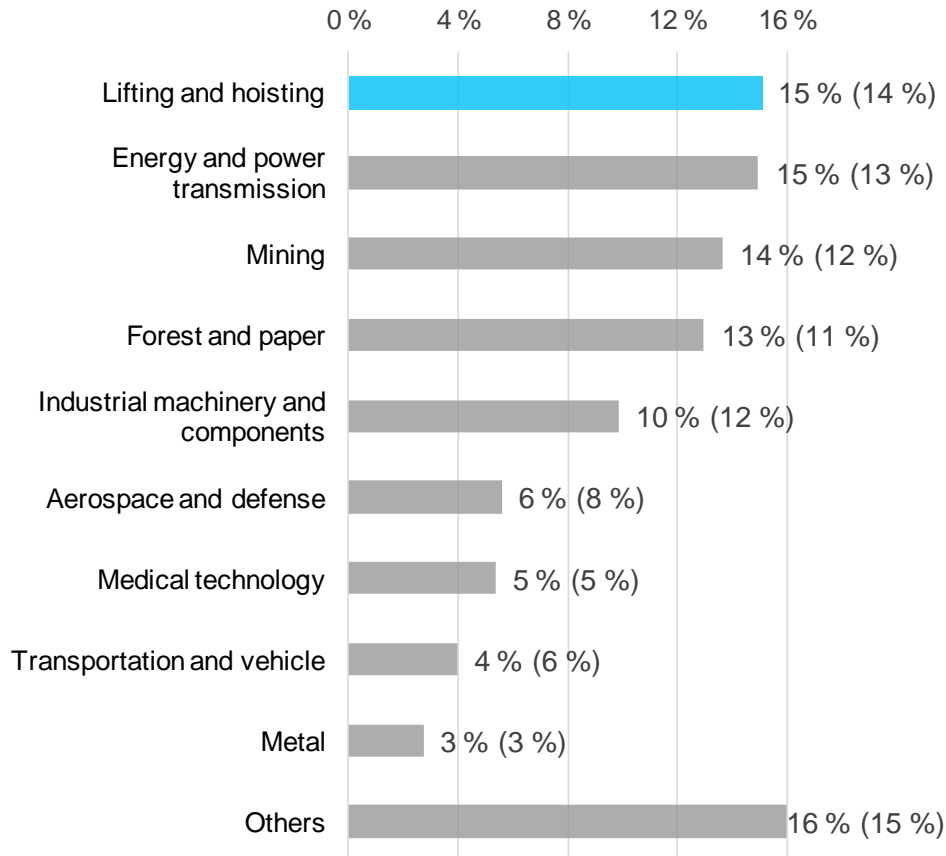
The most important factor in the development of Etteplan's business operations is the global development of the machinery and metal industry. In spite of political uncertainty, the European markets are showing small signs of improvement. Increased uncertainty in the Asian markets is estimated to continue. The good market situation in North America is expected to continue.

Financial guidance

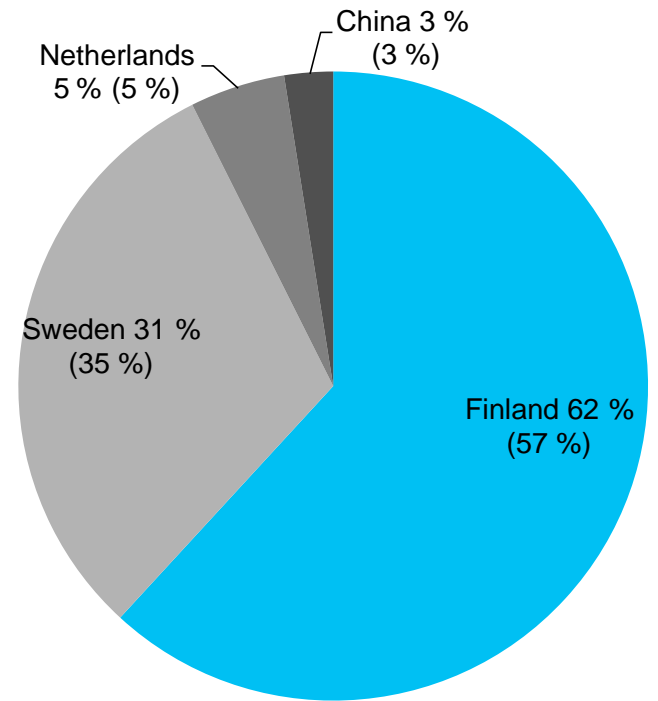
We expect the revenue and operating profit for the year 2015 to grow compared to 2014.

Revenue 1-6/2015

Revenue by customer segment



Revenue by country



Figures have been rounded up or down to integers.

Revenue

1-6/2015: EUR 68.9 million (1-6/2014: EUR 67.0 million)

4-6/2015: EUR 34.2 million (4-6/2014: EUR 33.7 million)

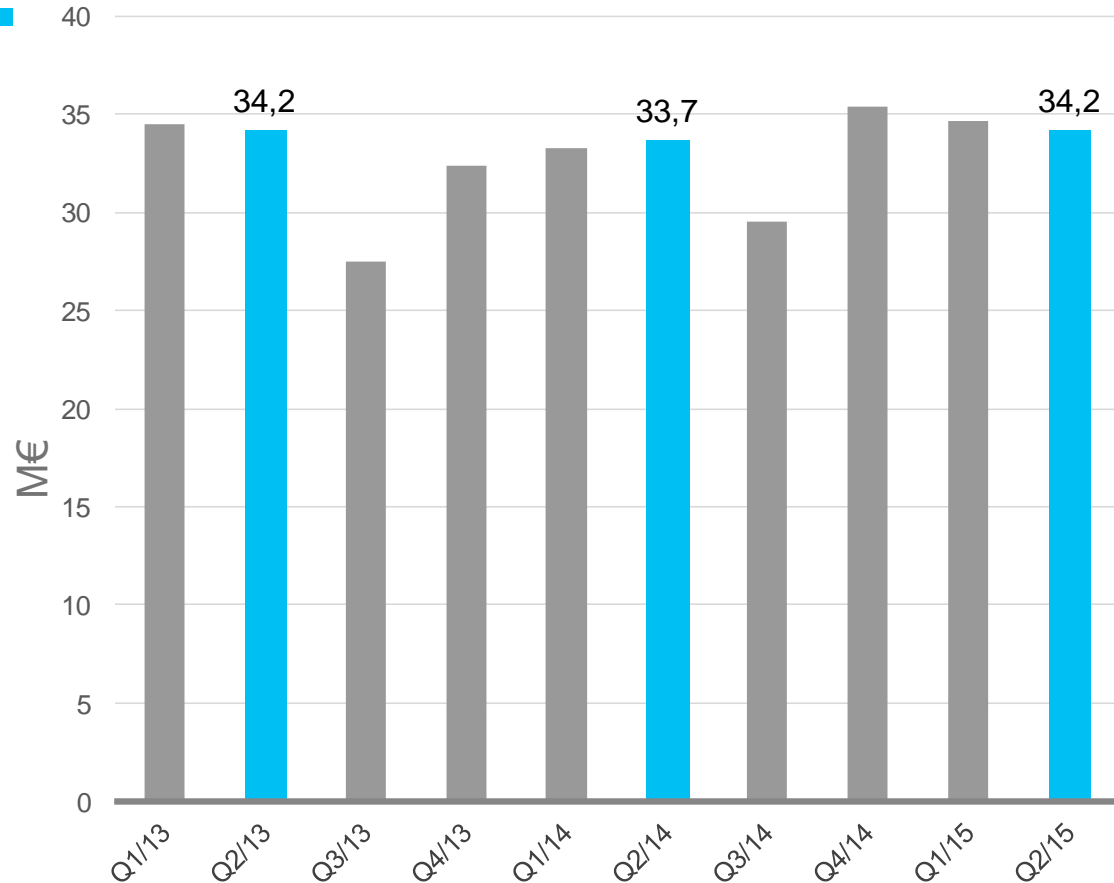
Revenue increased in January-June by 2.8% (by 3.6% at comparable exchange rates).

Revenue increased in April-June by 1.5% (2.4% at comparable exchange rates).

Sales to key customers grew by 7.0% in January-June.

In April-June sales to key customers grew by 3.4%.

The growth in revenue was attributable to Etteplan's strong market position, demand remaining stable and outsourcing agreements.



EBIT from business operations

1-6/2015: EUR 4.8 million, 6.9% (1-6/2014: EUR 3.3 million, 5.0%)

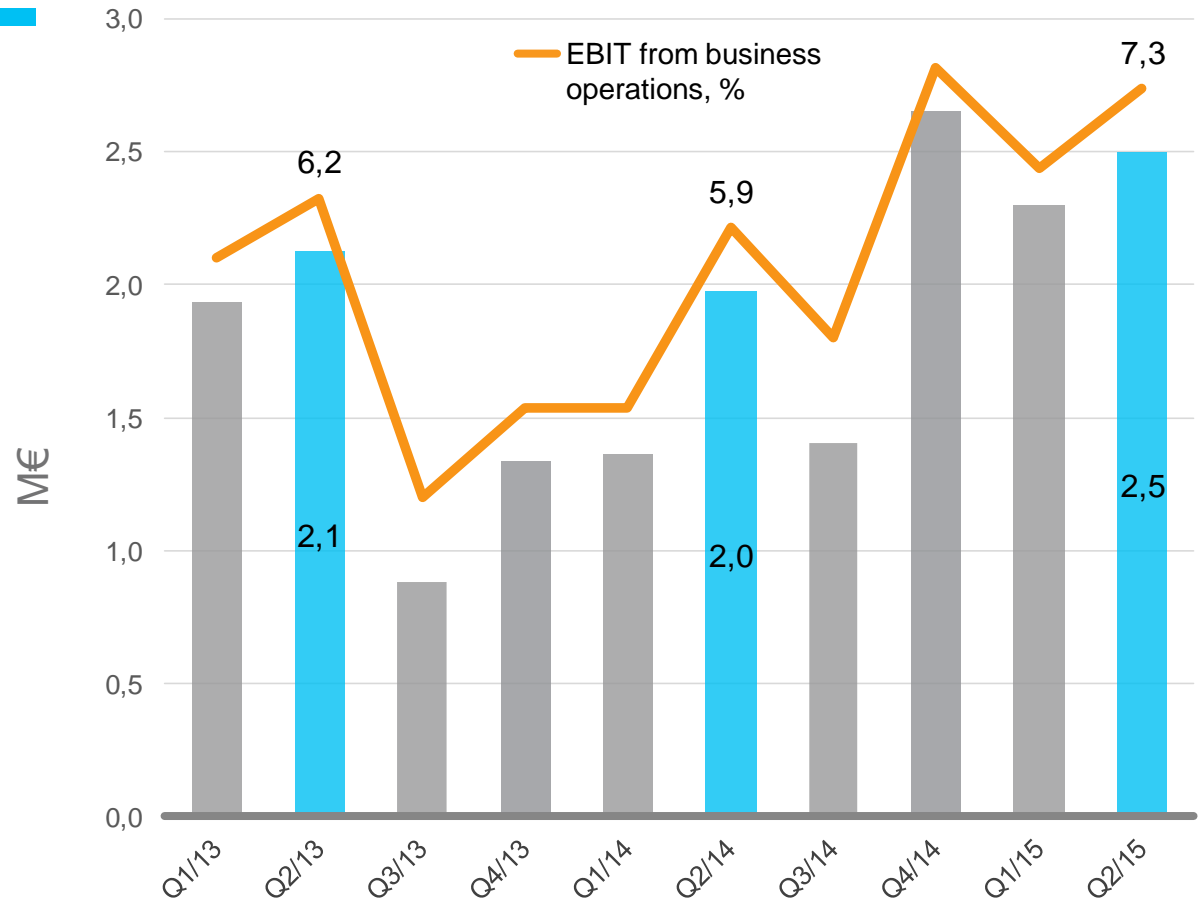
4-6/2015: EUR 2.5 million, 7.3% (4-6/2014: EUR 2.0 million, 5.9%)

EBIT from business operations is EBIT excluding acquisition related items such as amortization on PPA allocations and earn out revaluations.

EBIT from business operations was improved by revenue growth and a better utilization rate of engineering capacity than in the comparison period.

The improvement in profitability was attributable to high value-added services representing a larger share of revenue than in the comparison period.

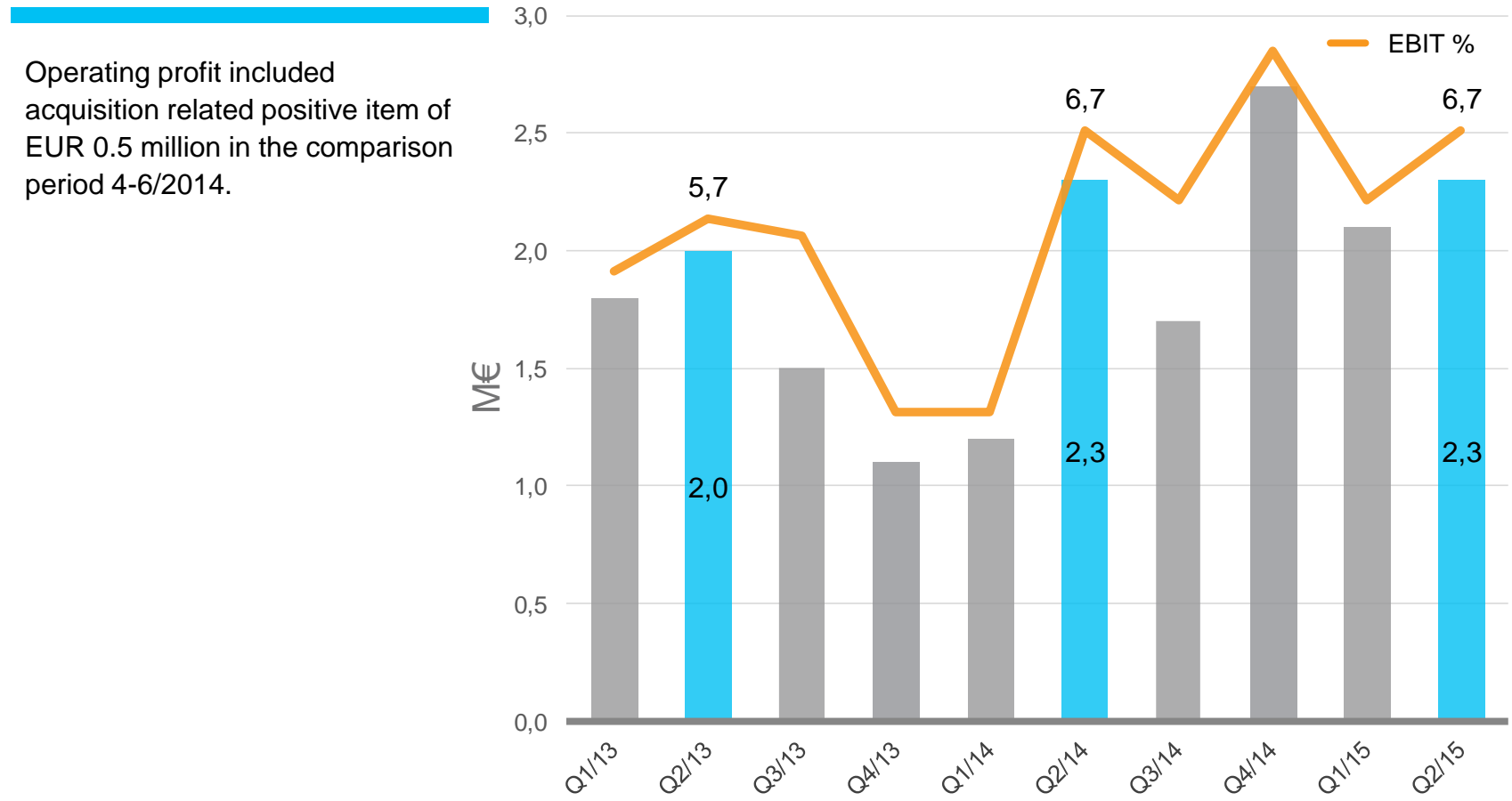
In April-June EBIT from business operations includes non-recurring expenses with a total of EUR 0.2 million (4-6/2014: EUR 0.3 million).



Operating profit (EBIT) and EBIT %

1-6/2015: EUR 4.4 million, 6.3% (1-6/2014: EUR 3.4 million, 5.1%)

4-6/2015: EUR 2.3 million, 6.7% (4-6/2014: EUR 2.3 million, 6.7%)



Operating profit included acquisition related positive item of EUR 0.5 million in the comparison period 4-6/2014.

Engineering Services

Revenue 1-6:2015: EUR 54.8 million (1-6/2014: EUR 54.5 million)

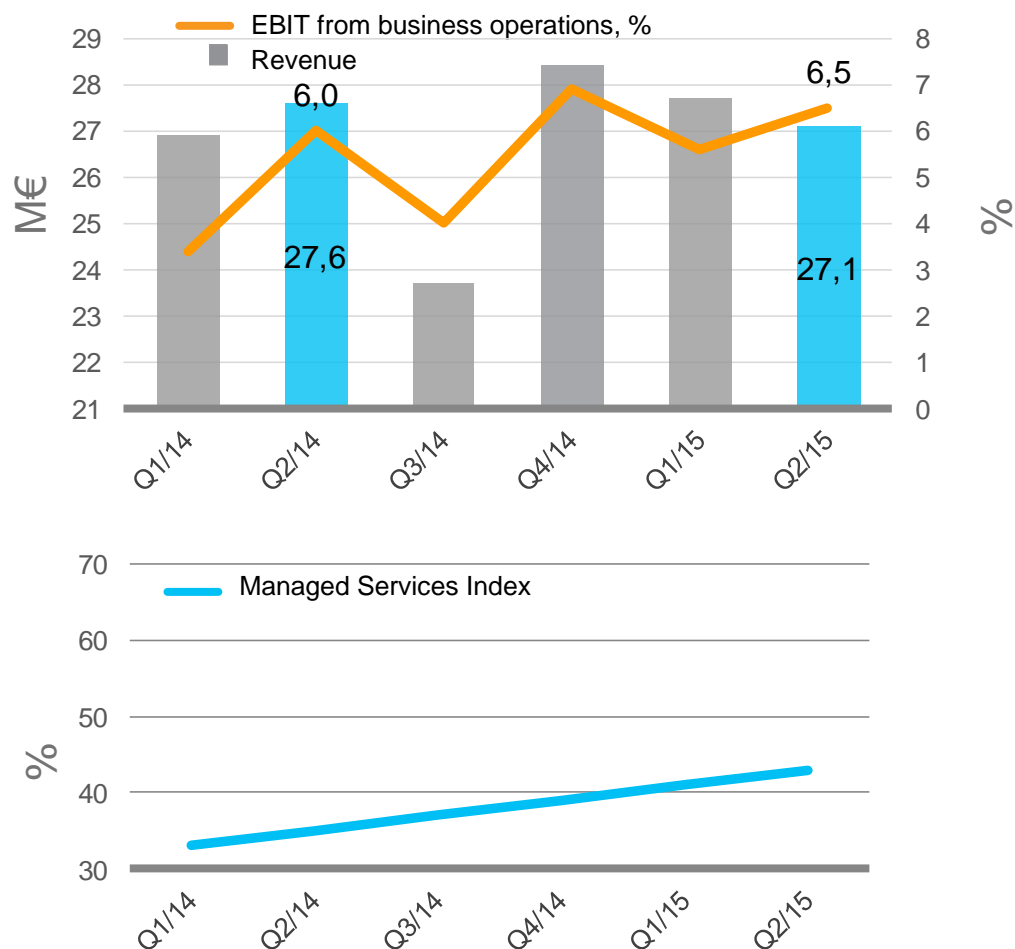
Revenue 4-6/2015: EUR 27,1 million (4-6/2014: EUR 27,6 million)

Engineering Services accounted for 79.2% (4-6/2014: 81.8%) of Etteplan's revenue in April-June.

Service area's revenue decreased 1,7% in April-June compared to previous year.

The factors contributing to the decrease included the continued uncertain market situation, the continued postponement of the signing of a frame agreement with one of Etteplan's customers and the weaker workload in a few of our units.

In Engineering Services EBIT from business operations improved in April-June and amounted to EUR 1.8 million (4-6/2014: EUR 1.7 million) or 6.5% (6.0%) of revenue.



Technical Documentation

Revenue 1-6/2015: EUR 14.1 million (1-6/2014: EUR 12.5 million)

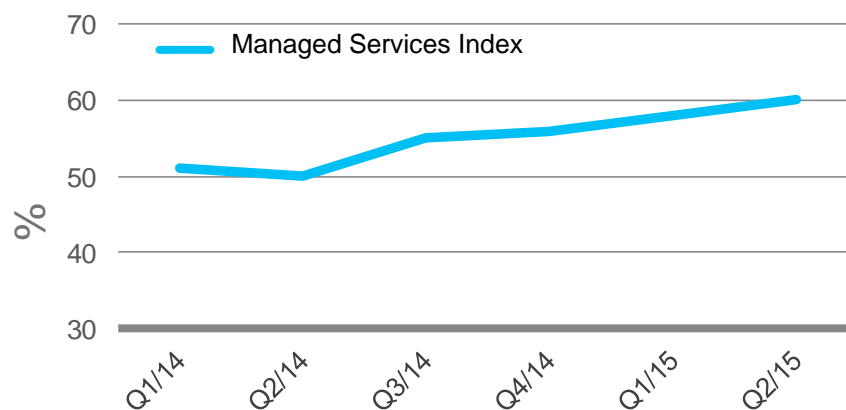
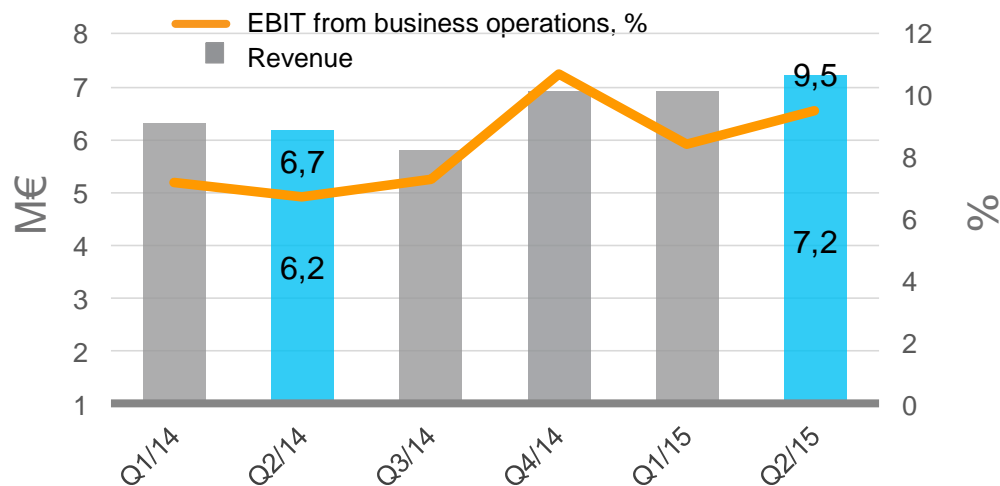
Revenue 4-6/2015: EUR 7,2 million (4-6/2014: EUR 6,2 million)

Technical Documentation accounted for 20.9% (4-6/2014: 18.2%) of Etteplan's revenue in April-June.

Service area's revenue grew by 16.5% in April-June compared to previous year.

The growth in revenue was attributable to the continued trend of outsourcing and strengthened market position.

In Technical Documentation EBIT from business operations improved in April-June and amounted to EUR 0.7 million (4-6/2014: EUR 0.4 million) or 9.5% (6.7%) of revenue.



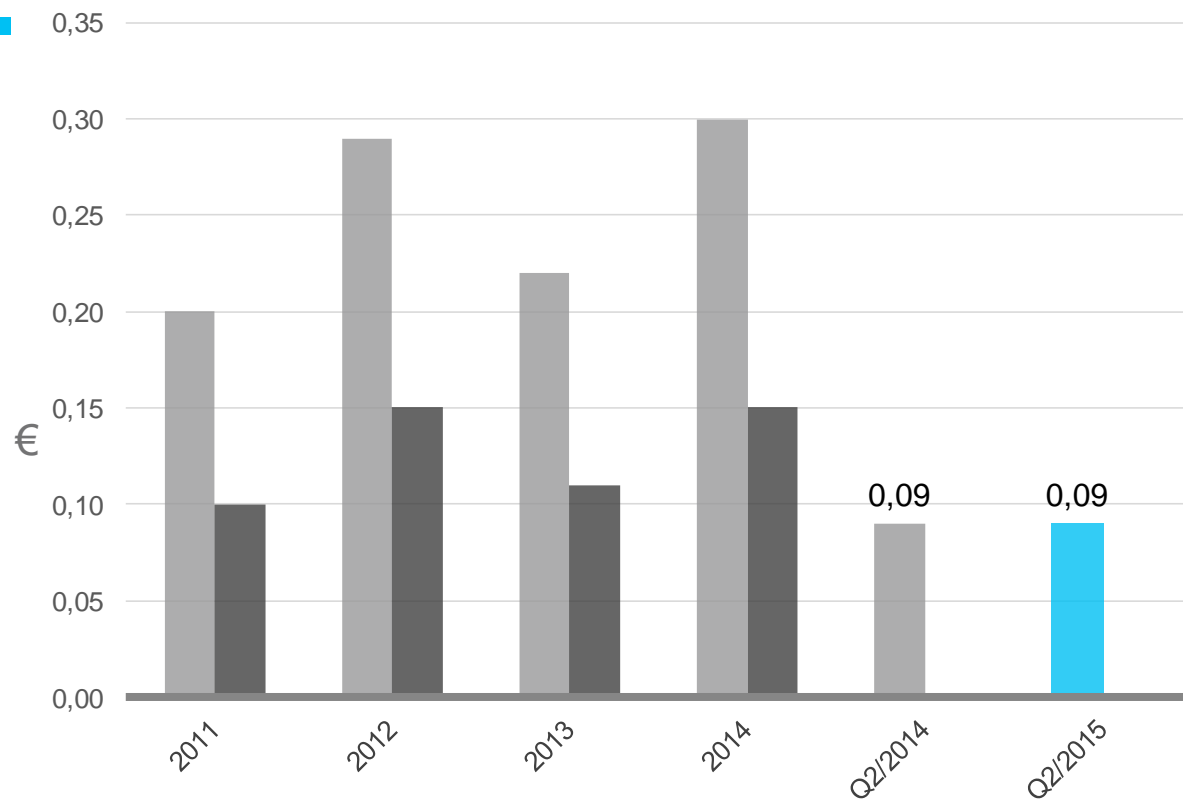
Earnings per share and dividends

Earnings per share 1-6/2015: EUR 0.16 (1-6/2014: EUR 0.13)

Earnings per share 4-6/2015: EUR 0.09 (4-6/2014: EUR 0.09)

■ Earnings per share ■ Dividends

Earnings per share remained at comparison period's level.



Cash flow

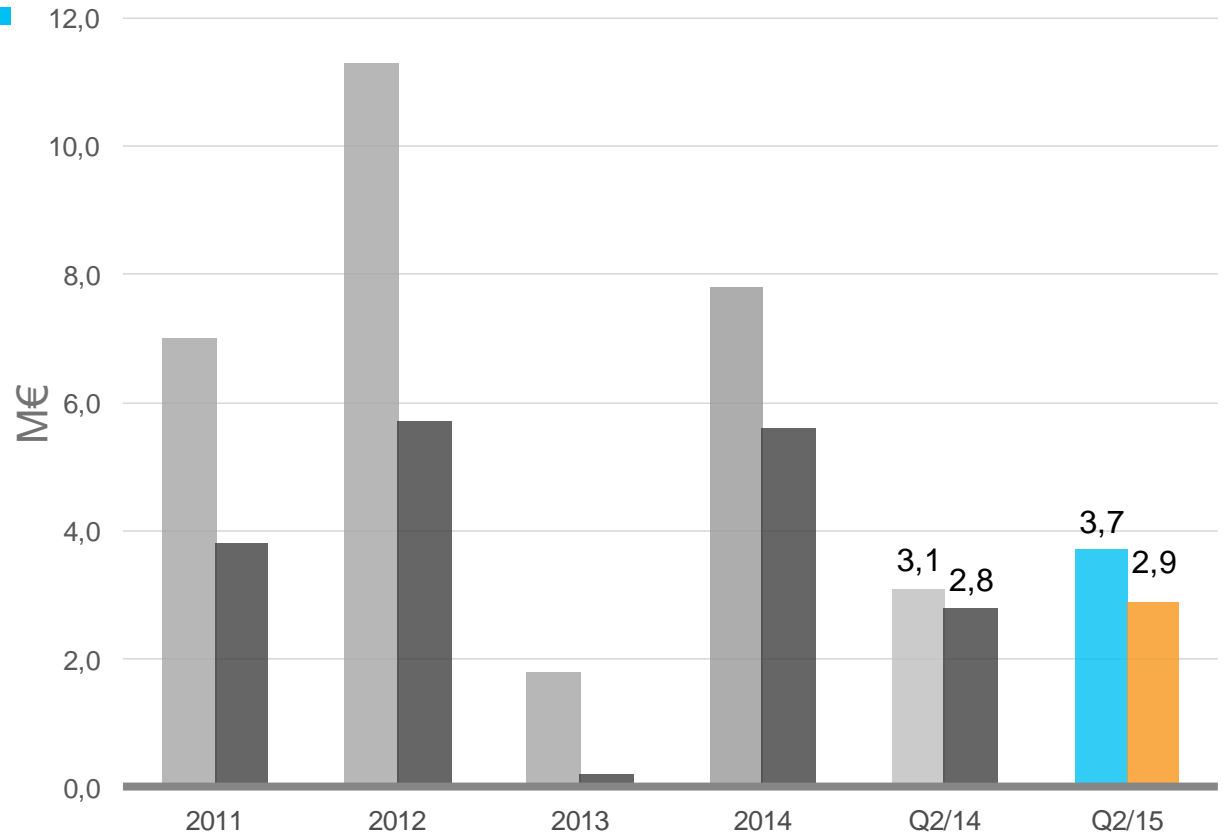
Operating cash flow 1-6/2015: EUR 3.8 million (1-6/2014: EUR 1.4 million)
 Operating cash flow 4-6/2015: EUR 3.7 million (4-6/2014: EUR 3.1 million)

■ Operating cash flow ■ Cash flow after investments

Operating cash flow improved clearly.

In April-June cash flow after investments was EUR 2.9 million (4-6/2014: EUR 2.8 million).

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

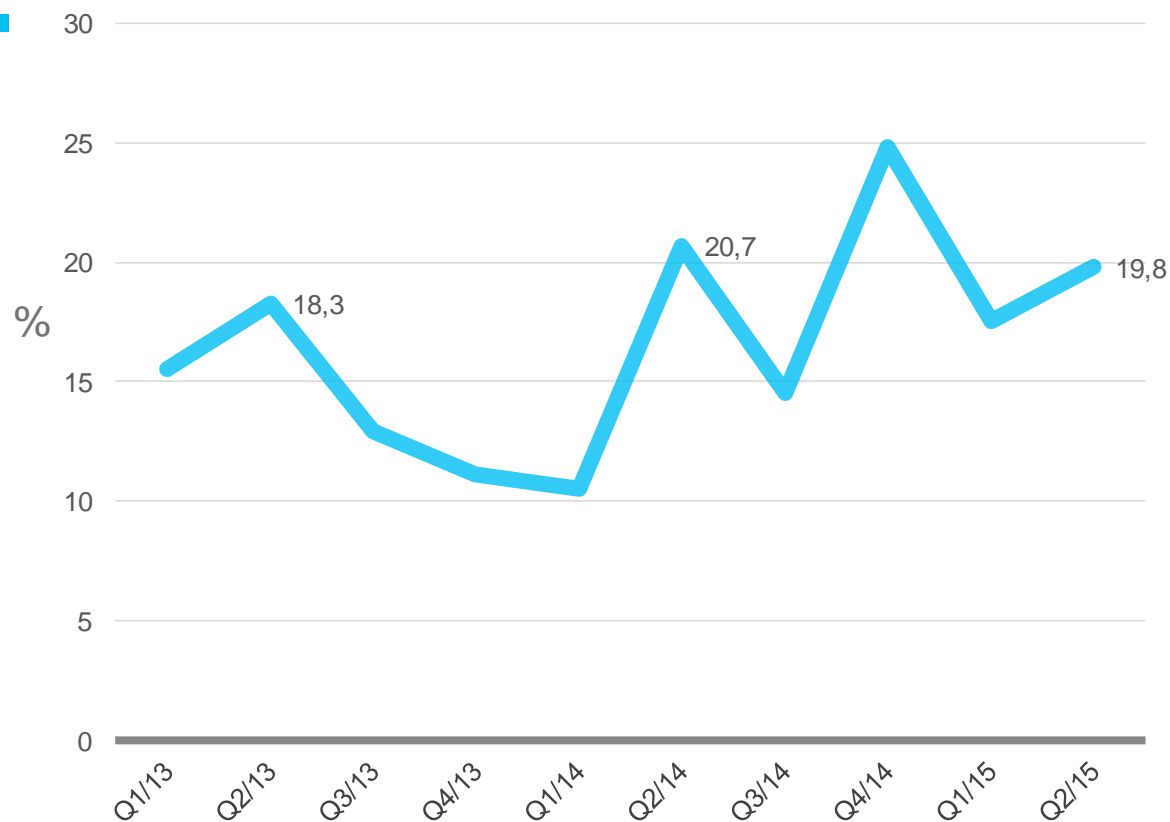


Return on capital employed (ROCE), %

1-6/2015: 18.3% (1-6/2014: 15.5%)

4-6/2015: 19.8% (4-6/2014: 20.7%)

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



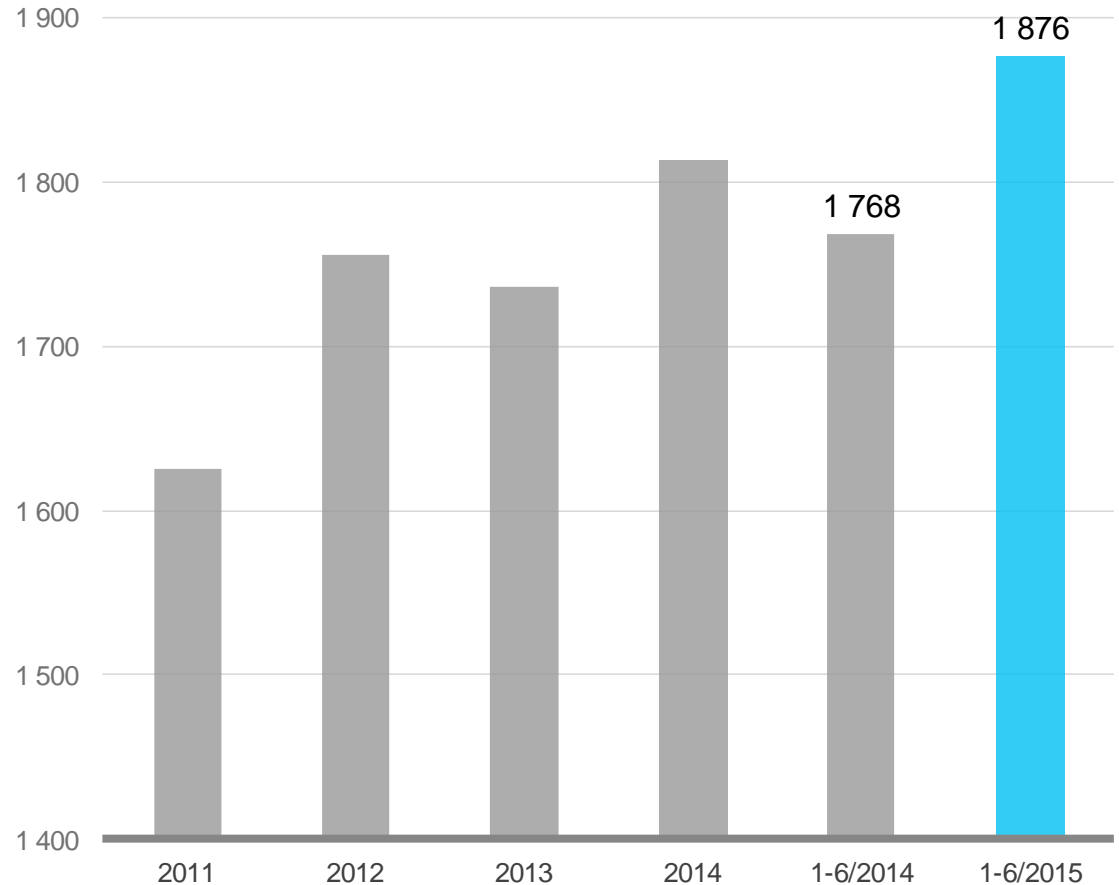
Personnel, average

1-6/2015: 1,876 (1-6/2014: 1,768)

The average number of personnel increased by 6.1% from the comparison period.

At the end of the review period the Group employed 1,900 people (June 30, 2014: 1,843), of which 700 (June 30, 2014: 701) were employed by the Group abroad.

In Sweden, attrition and the competition for experts continued to burden business operations.



Etteplan Oyj's financial targets and realization

	Target and realization 1-6/2015	Action
Growth	<ul style="list-style-type: none"> • Average 15% annual revenue growth <ul style="list-style-type: none"> ▪ 1-6/2015: 2.8% (at comparable exchange rates 3.6%) 	<ul style="list-style-type: none"> • Growth in key customers • Strong market position enables Etteplan to grow faster than the market • Acquisitions supporting growth
Profitability	<ul style="list-style-type: none"> • Operating profit 10% <ul style="list-style-type: none"> ▪ 1-6/2015: 6.3% 	<ul style="list-style-type: none"> • Change of business model • Market leadership
Cash flow	<ul style="list-style-type: none"> • Improvement of operating cash flow to strengthen the balance sheet <ul style="list-style-type: none"> ▪ 1-6/2015: 3.8 MEUR 	<ul style="list-style-type: none"> • Development of pricing models • Improved processing and sales of sales receivables
High value-added services	<ul style="list-style-type: none"> • Share of Managed Services to grow to 50% of revenue by 2016 <ul style="list-style-type: none"> ▪ 1-6/2015: 45% 	<ul style="list-style-type: none"> • Service solutions and project business

Income statement

(EUR 1,000)	1-6/2015	1-6/2014	Change %	1-12/2014
Revenue	68,890	67,019	2.8	131,916
Other operating income	172	576		1,567
Materials and services	-4,092	-5,516		-9,524
Staff costs	-49,649	-48,090		-94,367
Other operating expenses	-9,541	-9,259		-19,108
Depreciation and amortization	-1,424	-1,300		-2,629
Operating profit (EBIT)	4,356	3,430	27.0	7,856
Financial income	145	197		394
Financial expenses	-514	-541		-1,082
Profit before taxes	3,986	3,087	29.1	7,168
Income taxes	-903	-478		-1,020
Profit for the financial year	3,083	2,609		6,147

Balance sheet

(EUR 1,000)	30.6.2015	30.6.2014	31.12.2014
Goodwill	39,256	38,973	38,642
Other non-current assets	8,861	8,700	8,494
Non-current assets, total	48,117	47,673	47,136
Trade and other receivables	28,110	26,096	25,762
Cash and cash equivalents	3,663	1,879	2,575
Current assets, total	31,773	27,974	28,337
TOTAL ASSETS	79,890	75,648	75,474
Equity, total	29,462	25,038	28,753
Non-current liabilities, total	10,121	13,637	10,280
Current liabilities, total	40,307	36,973	36,441
TOTAL EQUITY AND LIABILITIES	79,890	75,648	75,474

Cash flow statement

(EUR 1,000)

4-6/2015

4-6/2014

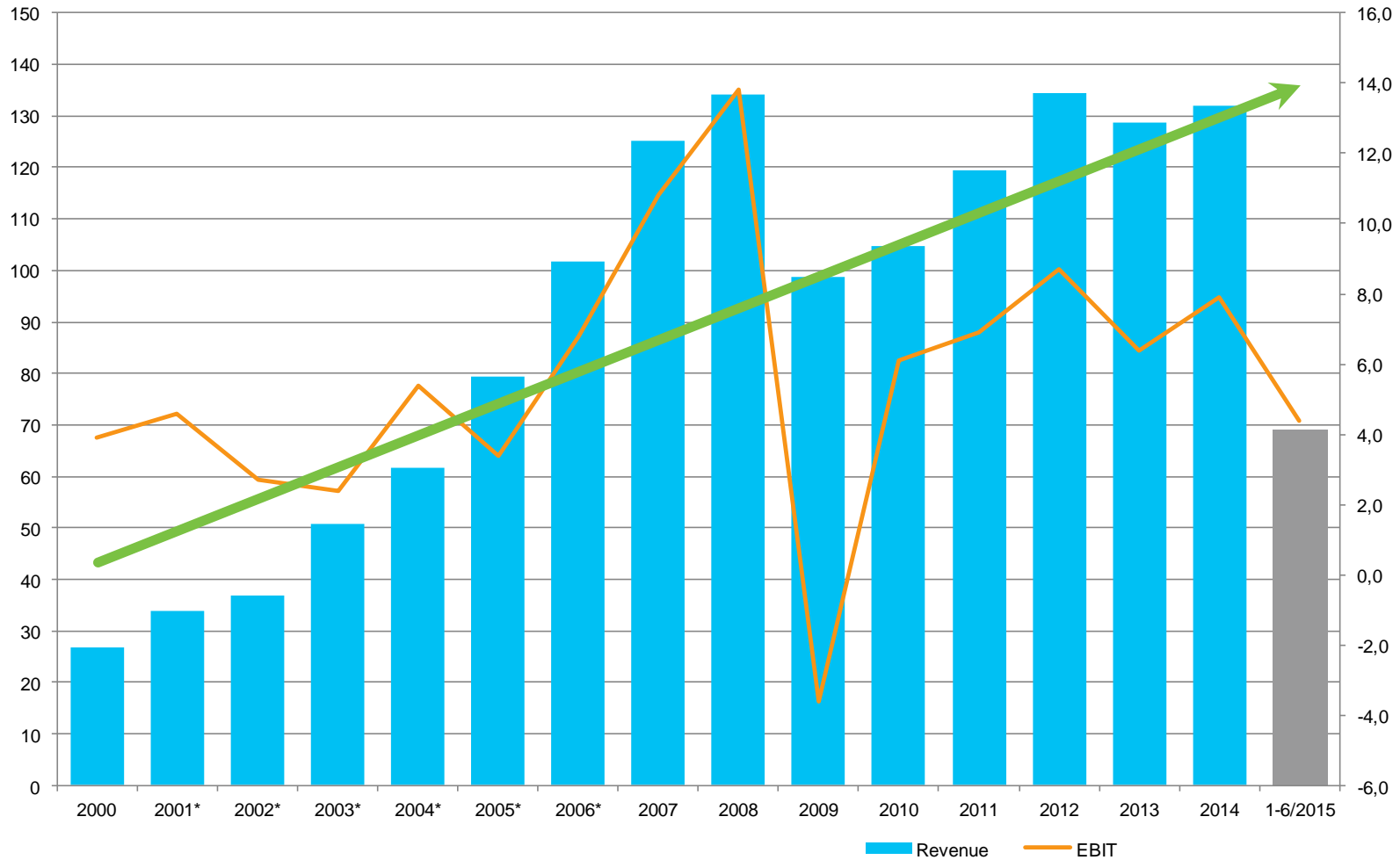
1-6/2015

1-6/2014

1-12/2014

Operating cash flow (A)	3,695	3,058	3,832	1,363	7,754
Investing cash flow (B)	-773	-266	-1,320	-1,763	-2,200
Cash flow after investments (A+B)	2,922	2,792	2,512	-400	5,554
Financing cash flow (C)	-1,063	-1,992	-1,428	1,155	-4,295
Variation in cash (A+B+C)	1,859	800	1,084	755	1,258
Assets at the beginning of the period	1,815	964	2,575	975	975
Exchange gains or losses on cash and cash equivalents	-11	115	5	148	341
Assets at the end of the period	3,663	1,879	3,663	1,879	2,575

Revenue and EBIT 2000-2015



*includes continued and discontinued operations

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