

Etteplan Q2/2014: Profitability improved

A large, abstract graphic composed of various shades of blue geometric shapes, including triangles and polygons, arranged in a way that suggests a map of the world or a complex network. The shapes are layered and overlapping, creating a sense of depth and movement.

President and CEO Juha Näkki
August 13, 2014

Operating environment in 4-6/2014

- Demand in engineering design services and technical documentation began to recover at the end of the first quarter and continued to recover slowly in the second quarter.
- Demand improved in the review period particularly in the projects of forest industry equipment manufacturers.
- In the Nordic countries new orders in the machine and metal industry grew significantly but at the same time revenue declined.
- In China, the engineering design service market continued to develop favorably.

Highlights in 4-6/2014

- Revenue decreased by 1.5% and was EUR 33.7 million (4-6/2013: EUR 34.2 million).
 - Revenue increased by 0.5 per cent at comparable exchange rates.
- Operating profit improved by 16.3% and was EUR 2.3 million (EUR 2.0 million).
 - Operating profit nearly doubled compared to 1-3/2014.
- Profitability improved and operating profit per cent was 6.7% (4-6/2013: 5.7%).
- The share of high value-added Managed Services was more than one third of revenue in the review period.
- The number of working hours invoiced in the Chinese market grew by nearly 170% during the review period (1-6/2014 growth was more than 150%).
- The number of personnel grew and was at the end of period 1,843 (1,742).
 - In Finland the number of temporary layoffs decreased from 150 people at the beginning of the year to less than 50 people.
 - The number of employees in China exceeded 200.
- Etteplan raised its growth target.

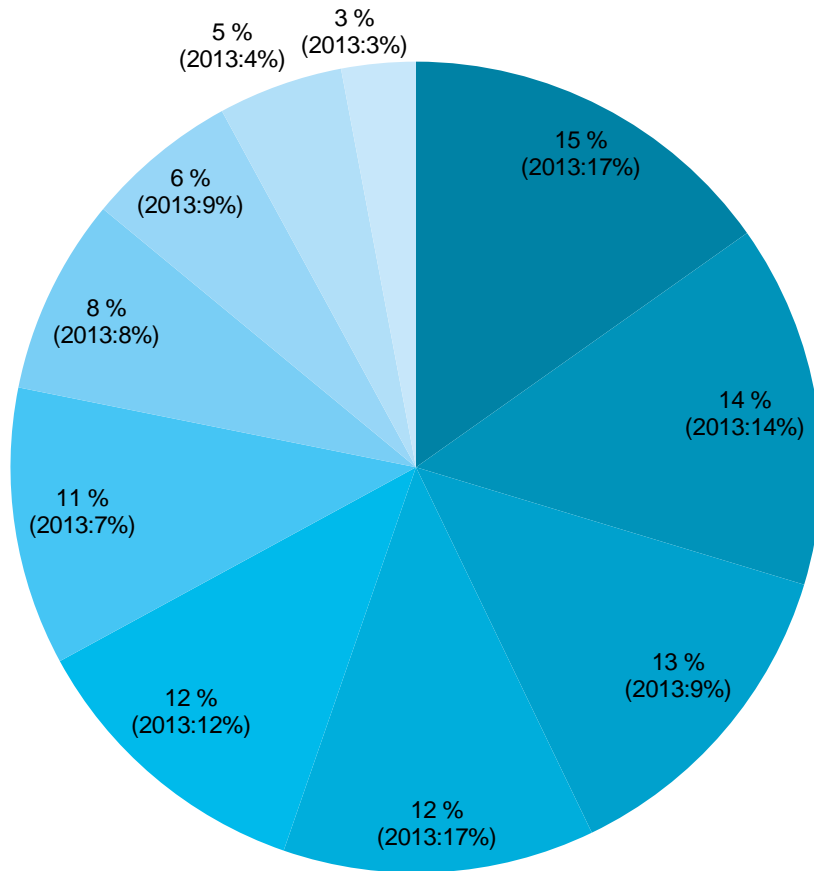
New growth target: 15% annually

Growth areas are:

- Organic growth
 - Key customers: increasing market share
 - Technical documentation: outsourcings and sales of service solutions
 - China market: market growth and being a forerunner in engineering design and technical documentation services in China
- Inorganic growth
 - Acquisitions supporting business strategy

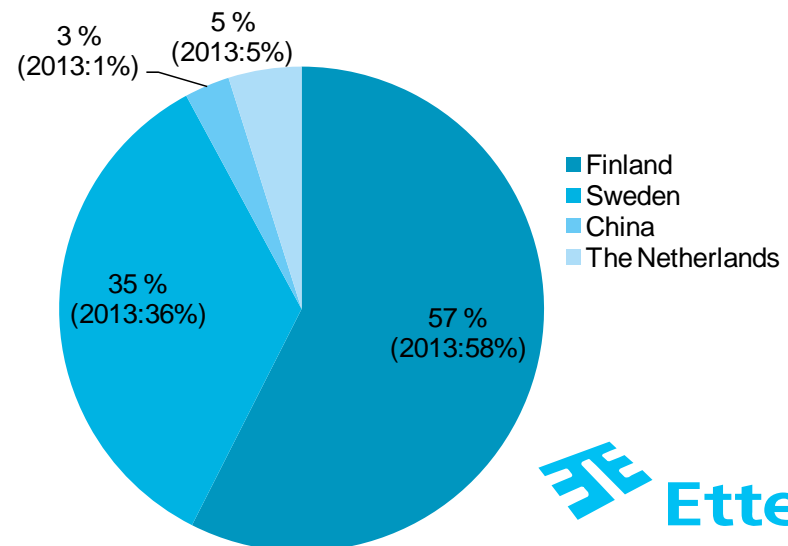
Revenue 1-6/2014

Revenue by customer segment



■ Others	15 %
■ Lifting and hoisting	14 %
■ Energy and power transmission	13 %
■ Mining	12 %
■ Industrial machinery and components	12 %
■ Forest and paper	11 %
■ Aerospace and defense	8 %
■ Transportation and vehicle	6 %
■ Medical technology	5 %
■ Metal	3 %

Revenue by country



Outlook 2014

Market outlook

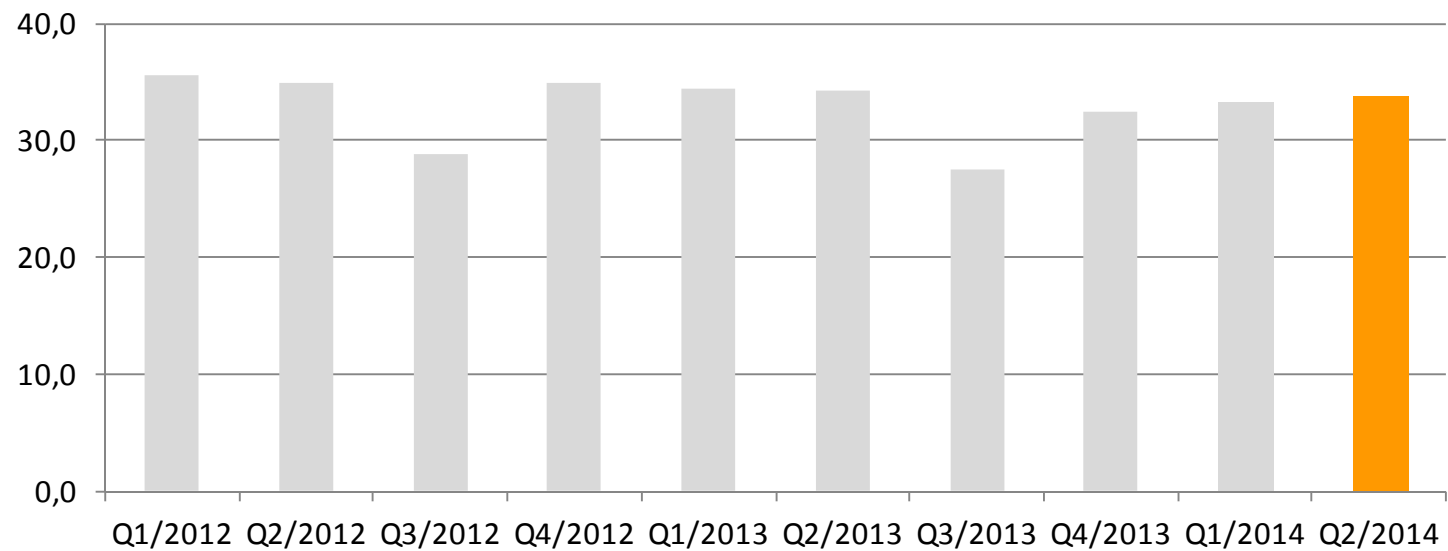
- The most important factor in the development of Etteplan's business is the development of the machinery and metal industry. Despite increased new orders from the machinery and metal industry, the market has become more uncertain and business less predictable.

Financial guidance

- We expect the revenue and operating profit for the year 2014 to grow compared to 2013.

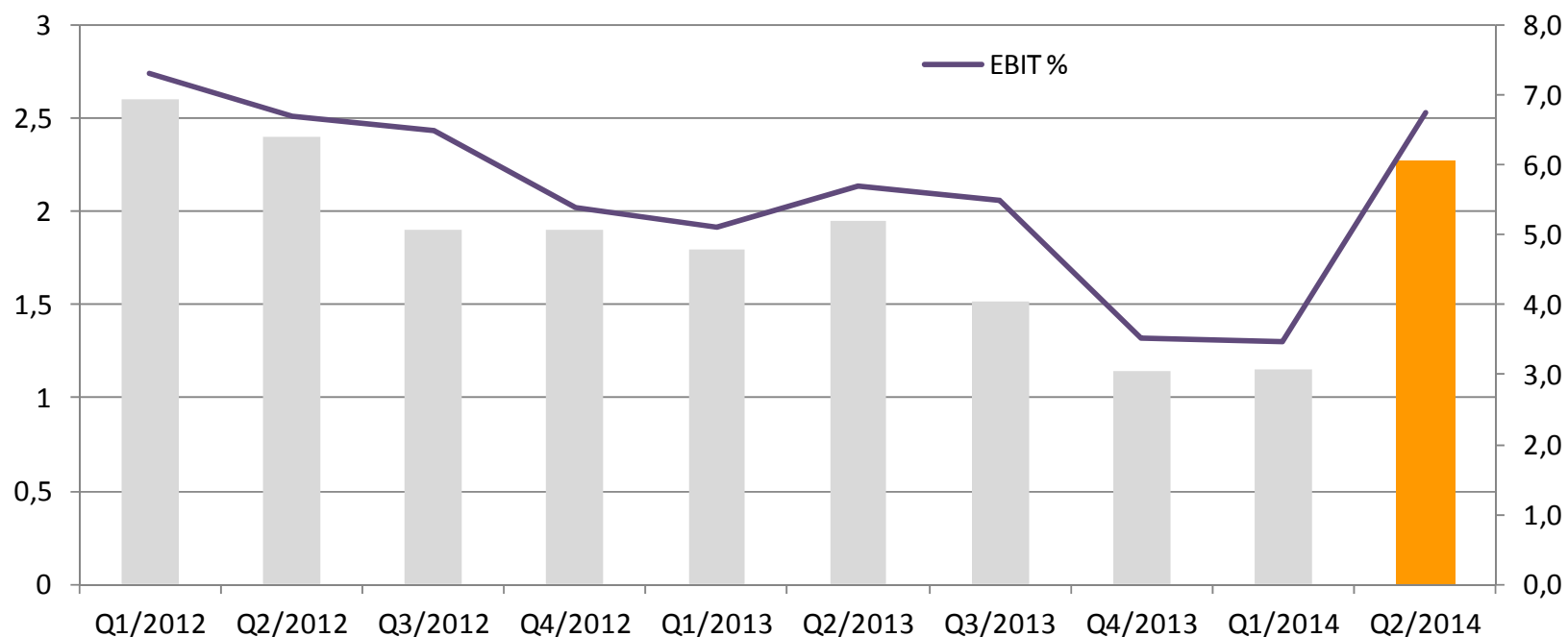
Revenue

4-6/2014: EUR 33.7 million (4-6/2013: EUR 34.2 million)



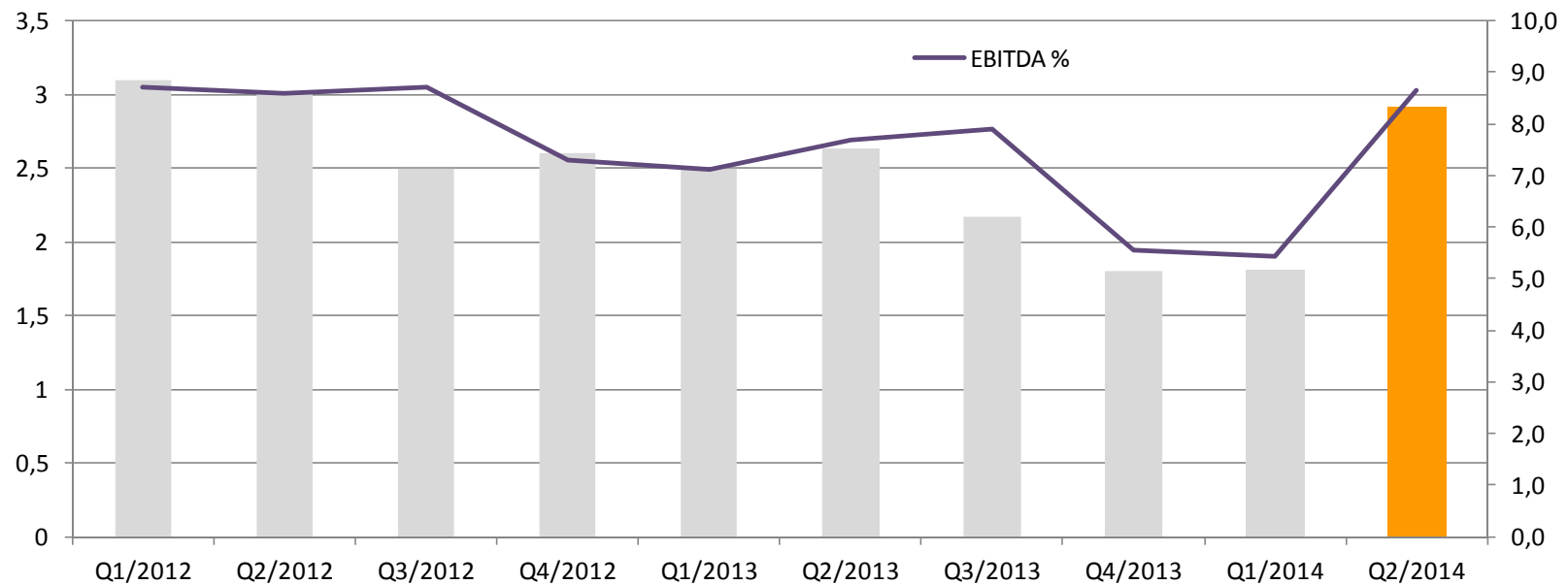
Operating profit (EBIT) and EBIT %

4-6/2014: EUR 2.3 million, 6.7% (4-6/2013: EUR 2.0 million, 5.7%)



EBITDA and EBITDA %

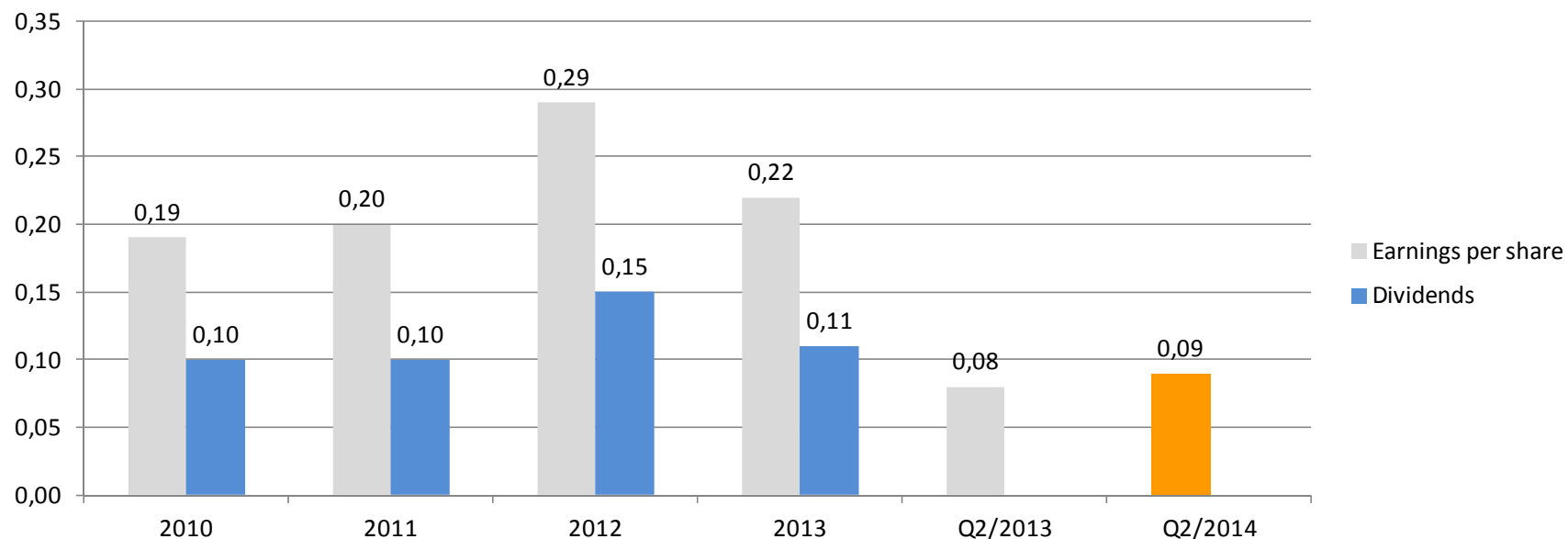
4-6/2014: EUR 2.9 million, 8.7% (4-6/2013: EUR 2.6 million, 7.7%)



Earnings per share (EUR) and dividends (EUR/share)

Earnings per share 4-6/2014: EUR 0.09 (4-6/2013: EUR 0.08)

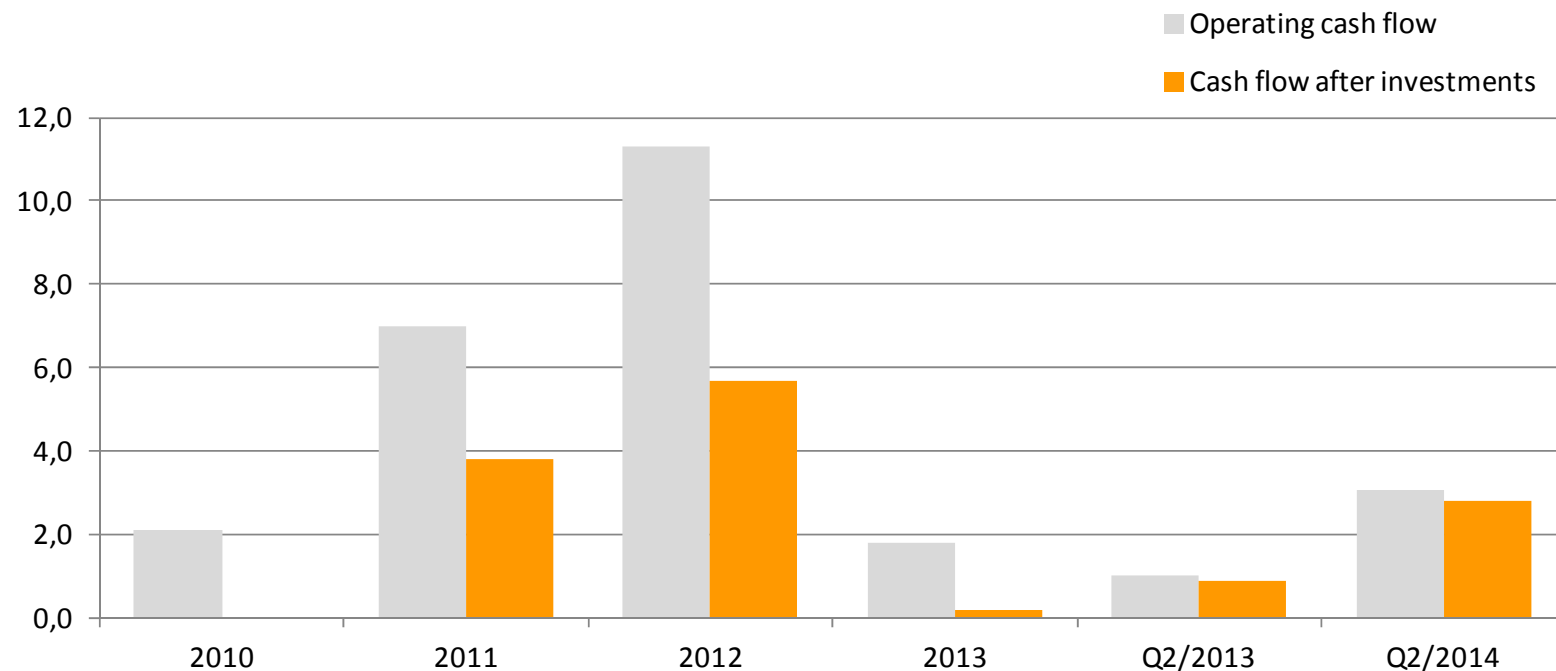
Earnings per share 1-6/2014: EUR 0.13 (1-6/2013: EUR 0.13)



Cash flow

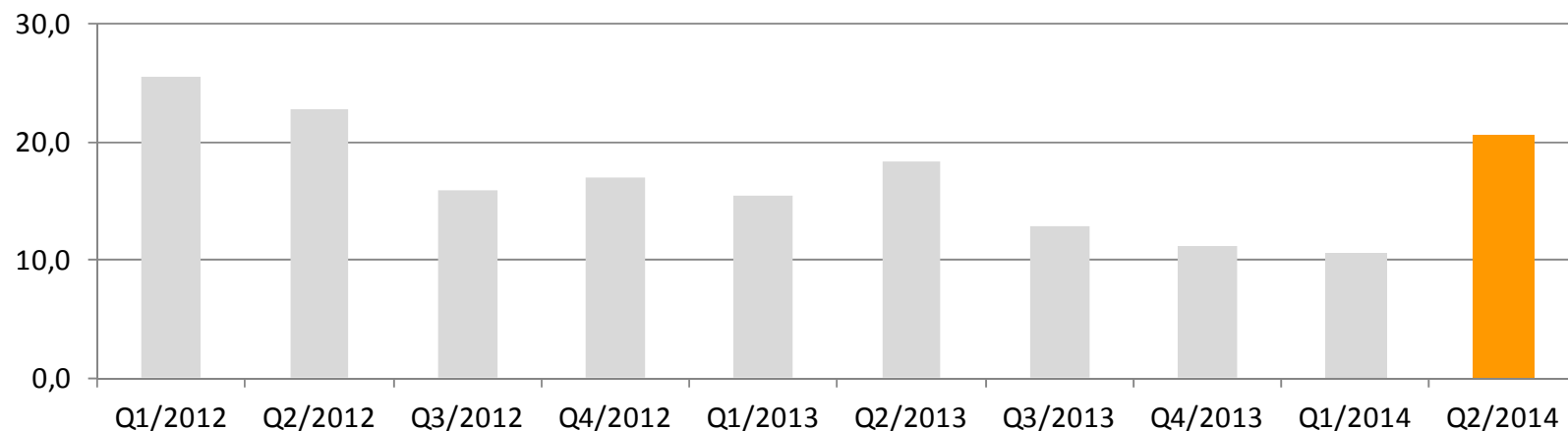
Operating cash flow 4-6/2014: EUR 3.1 million (4-6/2013: EUR 1.0 million)

Cash flow after investments 4-6/2014: EUR 2.8 million (4-6/2013: EUR 0.9 million)



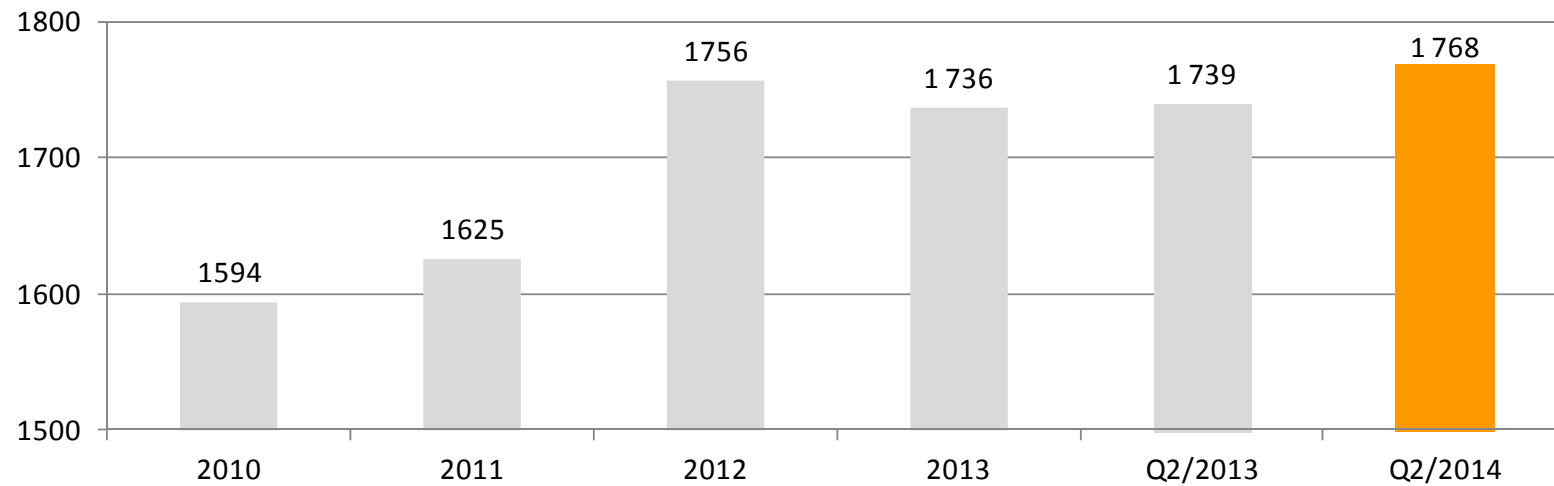
Return on capital employed (ROCE), %

4-6/2014: 20.7% (4-6/2013: 18.3%)



Personnel, average

1-6/2014: 1,768 (1-6/2013: 1,739)



Key Figures 4-6/2014

(EUR 1,000)	4-6/2014	4-6/2013	Change %
Revenue	33,737	34,240	-1.5
EBITDA	2,920	2,632	10.9
EBITDA, %	8.7	7.7	
Operating profit (EBIT)	2,273	1,954	16.3
EBIT, %	6.7	5.7	
Basic earnings per share, EUR	0.09	0.08	12.5
Equity ratio, %	33.7	31.7	
Operating cash flow	3,058	1,022	199.2
ROCE, %	20.7	18.3	
Personnel at end of the period	1,843	1,742	5.8

Key Figures 1-6/2014

(EUR 1,000)	1-6/2014	1-6/2013	Change %	1-12/2013
Revenue	67,019	68,699	-2.4	128,647
EBITDA	4,730	5,090	-7.1	9,064
EBITDA, %	7.1	7.4		7.0
Operating profit (EBIT)	3,430	3,712	-7.6	6,366
EBIT, %	5.1	5.4		4.9
Basic earnings per share, EUR	0.13	0.13	0.0	0.22
Equity ratio, %	33.7	31.7		35.9
Operating cash flow	1,363	-938	245.3	1,789
ROCE, %	15.5	16.8		14.6
Personnel at end of the period	1,843	1,742	5.8	1,728

Income Statement

(EUR 1,000)	4-6/2014	4-6/2013	Change %	1-6/2014	1-6/2013	Change %	1-12/2013
Revenue	33,737	34,240	-1.5	67,019	68,699	-2.4	128,647
Other operating income	495	152		576	216		1,134
Materials and services	-2,437	-2,759		-5,516	-5,450		-11,605
Staff costs	-24,181	-23,131		-48,090	-47,376		-90,250
Other operating expenses	-4,693	-5,870		-9,259	-10,999		-18,862
Depreciation and amortization	-647	-678		-1,300	-1,378		-2,697
Operating profit (EBIT)	2,273	1,954	16.3	3,430	3,712	-7.6	6,366
Financial income	143	127		197	194		306
Financial expenses	-308	-48		-541	-454		-947
Share of the result of associate	0	14		0	-54		-54
Profit before taxes	2,108	2,047	3.0	3,087	3,398	-9.2	5,672
Income taxes	-324	-408		-478	-741		-1,282
Profit for the financial year	1,783	1,639		2,609	2,656		4,390

Balance sheet

(EUR 1,000) 30.6.2014 30.6.2013 31.12.2013

Goodwill	38,973	39,424	39,131
Other non-current assets	8,700	8,404	8,678
Non-current assets, total	47,673	47,828	47,809
Trade and other receivables	26,096	27,008	25,709
Cash and cash equivalents	1,879	2,264	975
Current assets, total	27,974	29,272	26,684
TOTAL ASSETS	75,648	77,100	74,493
Equity, total	25,038	23,849	25,481
Non-current liabilities, total	13,637	14,913	14,279
Current liabilities, total	36,973	38,337	34,734
TOTAL EQUITY AND LIABILITIES	75,648	77,100	74,493

Cash flow

(EUR 1,000)	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Operating cash flow (A)	3,058	1,022	1,363	-938	1,789
Investing cash flow (B)	-266	-123	-1,763	-392	-1,634
Cash flow after investments (A+B)	2,792	899	-400	-1,330	154
Financing cash flow (C)	-1,992	-2,114	1,155	-1,871	-4,647
Variation in cash (A+B+C)	800	-1,215	755	-3,201	-4,493
Assets at the beginning of the period	964	3,299	975	5,402	5,402
Exchange gains or losses on cash and cash equivalents	115	180	148	63	65
Assets at the end of the period	1,879	2,264	1,879	2,264	975

Etteplan Oyj's financial targets and realization

Target and realization in 1-6/2014 Action

Growth

- Average 15% annual growth
 - 1-6/2014: -2.4%
- Growth in key customers
- Strong market position enables Etteplan to grow faster than the market
- Acquisitions supporting growth

Profitability

- Operating profit 10%
 - 1-6/2014: 5.1%
- Change of business model
- Market leadership

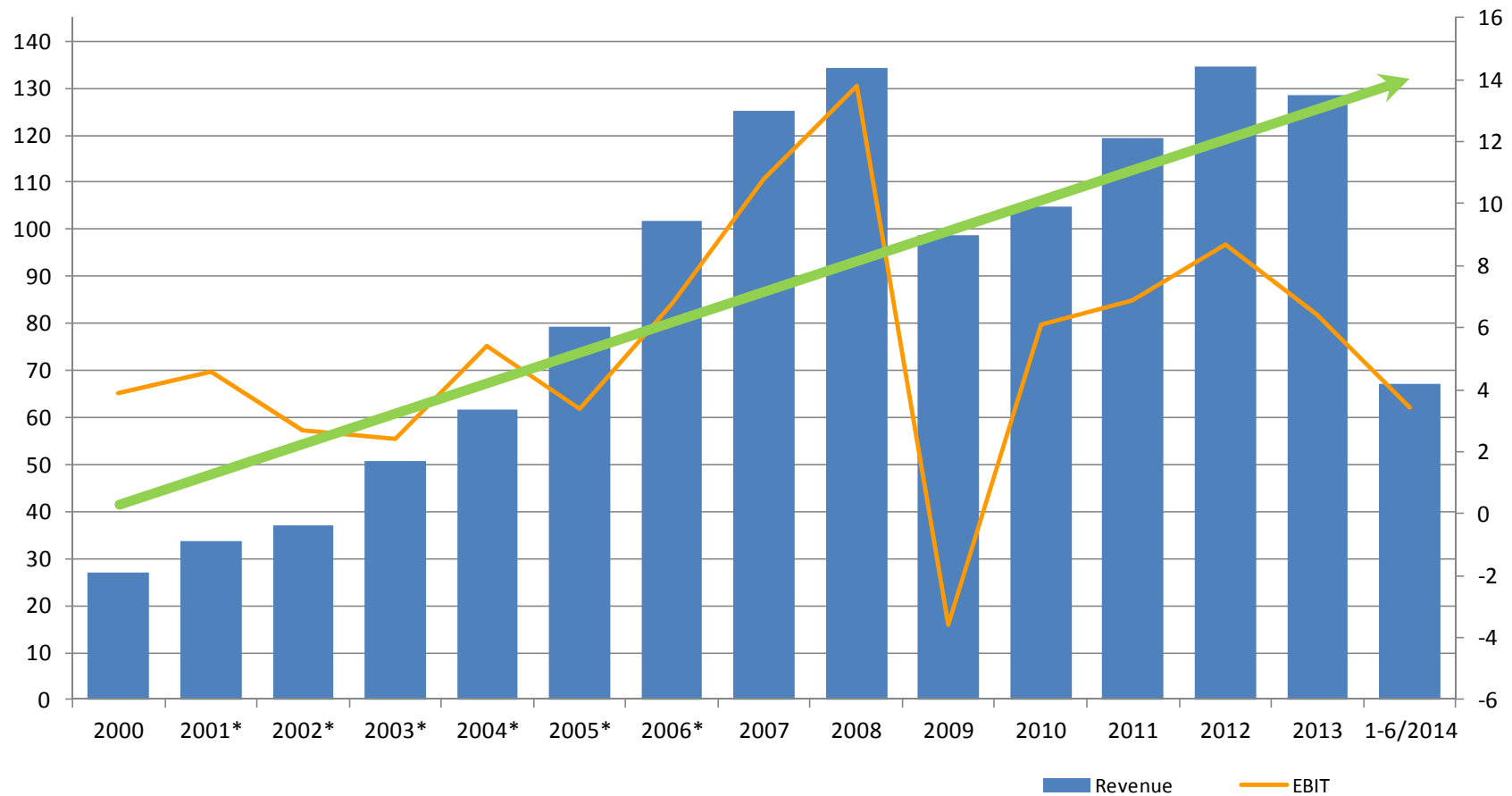
Cash flow

- Improvement of cash flow to strengthen the balance sheet
 - 1-6/2014: 1.4 MEUR
- Development of pricing models
- Improved processing and sales of sales receivables

High value-added services

- Share of Managed Services to grow to 50% of revenue by 2016
 - 1-6/2014: over 33%
- Service solutions and project business

Revenue and EBIT 2000 - 2014



*) includes continuing and discontinued operations

Major shareholders on June 30, 2014

Name	Number of shares	Holding of shares, %
Ingman Group Oy Ab	13 650 000	67,64
Oy Fincorp Ab	2 113 721	10,47
Varma Mutual Pension Insurance Company	821 328	4,07
Etteplan Oyj	461 791	2,29
Tuori Klaus	351 000	1,74
Tuori Aino	256 896	1,27
Kempe Anna	220 000	1,09
Sijoitusrahasto Taaleritehdas Mikro Markka	214 121	1,06
Kempe Lasse	100 000	0,50
Kempe Pia	97 700	0,48
Other shareholders	1 892 857	9,39
Total	20 179 414	100,00
Nominee-registered shares	209 268	1,04

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