

Financial Statements Release January–December 2016

Strong finish for a year of growth

**Engineering with
a difference**



ETTEPLAN OYJ FINANCIAL STATEMENT RELEASE

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ETTEPLAN 2016: STRONG FINISH FOR A YEAR OF GROWTH

Review period October-December 2016

- The Group's revenue increased by 31.6 per cent and was EUR 53.1 million (10-12/2015: EUR 40.4 million). At comparable exchange rates revenue increased by 33.0 per cent.
- EBIT from business operations* improved and amounted to EUR 4.6 million (EUR 2.9 million), or 8.6 per cent (7.1 per cent) of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.2 million (EUR 0.4 million).
- Operating profit (EBIT) was EUR 4.0 million (EUR 2.6 million), or 7.6 per cent (6.4 per cent) of revenue.
- The profit for the review period was EUR 2.9 million (EUR 1.8 million).
- Operating cash flow improved and was EUR 9.8 million (EUR 7.8) million.
- Earnings per share, adjusted for the share issue, were EUR 0.12 (EUR 0.08**).
- The number of personnel increased and the Group had 2,545 employees at the end of the review period (2,074).
- Etteplan updated its financial and strategic targets in December.

Review period January-December 2016

- The Group's revenue increased by 30.3 per cent and was EUR 183.9 million (2015: EUR 141.1 million). At comparable exchange rates revenue increased by 30.8 per cent.
- EBIT from business operations* improved and amounted to EUR 12.1 million (EUR 9.5 million), or 6.6 per cent (6.8 per cent) of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 1.7 million (EUR 1.0 million).
- Operating profit (EBIT) was EUR 10.1 million (EUR 8.6 million), or 5.5 per cent (6.1 per cent) of revenue.
- The profit for the review period was EUR 7.6 million (EUR 6.2 million).
- Operating cash flow declined and was EUR 5.7 million (EUR 9.9) million.
- Earnings per share, adjusted for the share issue, were EUR 0.33 (EUR 0.28**).
- Etteplan acquired Espotel and Soikea Solutions in April 2016 and expanded its business operations in Embedded Systems and into the Internet of Things (IoT). Etteplan carried out a rights offering in the second quarter to finance the acquisitions.
- The Board of Directors proposes dividend of EUR 0.16 (0.15) per share.

*EBIT from business operations reflects the Company's operational performance: it does not include acquisition-related items such as amortization on PPA allocations and earn out revaluations.

**The comparison period's earnings per share have been issue adjusted. The rights issue factor was 1.050.

Market outlook 2017

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. There are signs of recovery in our business environment, but the general

uncertainty continues to slow down the start of new investments. Political changes in various countries and upcoming elections can also quickly change the direction of the economy. The development of the Central European markets is expected to remain unchanged. The favorable development of the Swedish market is expected to continue. In the Finnish market, the market situation is expected to remain weaker than in the rest of Europe. In Asia, the growth of the service market is expected to continue.

Financial guidance 2017

We expect the revenue and operating profit for the full year 2017 to grow clearly compared to 2016.

Key figures

(EUR 1,000)	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Revenue	53,137	40,374	183,938	141,143
EBIT from business operations	4,557 (8.6 %)	2,884 (7.1 %)	12,071 (6.6 %)	9,540 (6.8 %)
Operating profit (EBIT)	4,017 (7.6 %)	2,584 (6.4 %)	10,131 (5.5 %)	8,594 (6.1 %)
Basic earnings per share, EUR	0.12	0.08 *	0.33	0.28 *
Equity ratio, %	40.0	37.8	40.0	37.8
Operating cash flow	9,835	7,817	5,661	9,932
ROCE, %	21.6	21.3	14.8	17.4
Personnel at end of the period	2,545	2,074	2,545	2,074

*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

President and CEO Juha Näkki:

“2016 was a successful year of growth for Etteplan. Our revenue grew by more than 30 per cent to reach a new record. In the second quarter, we made acquisitions to significantly strengthen our service offering in Embedded Systems and IoT. This allows us to respond to our customers’ growing demand in the various areas of digitalization. Our operating profit also improved significantly, and our EBIT from business operations approached our target level of 10 per cent in the final quarter. The other quarters of the year were burdened by non-recurring costs related primarily to acquisitions.

The demand situation varied during the year by market area and customer, as uncertainty characterized the markets. Our service solutions and particularly our outsourcing solutions were nevertheless successful as customers sought cost savings and efficiency in their business operations. Demand showed signs of recovery in the final quarter despite continued market uncertainty. In Finland, demand was at a weaker level than in the rest of Europe throughout the year. In China, the opening up of the engineering service market accelerated towards the end of the year and, in the final quarter, we increased the number of hours we sold in the Chinese market by 38 per cent.

The development of the Engineering Services service area was stable despite the very low level of new plant investments, especially in Finland. The growth of the service area was influenced by the establishment of Embedded Systems and IoT as our third service area in the second quarter, and part of the Engineering Services business moved to be reported as part of the new service area.

The Technical Documentation business saw excellent development towards the end of the year. Growth was strong throughout the year, but profitability was below our targets early in the year. We implemented profitability improvement measures during the year and, in the final quarter, we achieved an excellent result again.

The Embedded Systems and IoT service area, which has been reported since the second quarter of the year, achieved excellent development throughout the year. The integration of the acquired businesses into Etteplan progressed well and we achieved a strong result. Our customers’ investments in digitalization are growing continuously. Combining Etteplan’s strong customer industry expertise and product knowledge with digitalization expertise gives us a competitive advantage in the market and creates good future growth opportunities for us.

I am satisfied with our development in 2016 and I want to thank our personnel for their good work during the year. The implementation of our strategy progressed well in all areas and, in addition to achiev-

ing strong growth, we were able to improve our profitability towards the end of the year. Etteplan enters 2017 as a stronger company than before and we will continue our determined efforts to achieve the updated strategic and financial targets.”

Accounting principles

This Financial Statement Release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The accounting policies presented in the 2015 Annual Financial Statements have been followed in the preparation of the Financial Statement Release with the exception of changes in standards and interpretations in effect in 2016, which concern the Group. These changes did not have material effect on the Financial Statement Release.

This Financial Statement Release includes forward-looking estimates and assumptions. Accordingly, outcomes may deviate from these estimates, which are based on the management’s best knowledge at the time of Financial Statement Release.

Market review

Etteplan’s business is affected by global megatrends as well as industry-specific developments. The Internet of Things, digitalization, requirements concerning environmentally friendly products and shorter product life cycles are creating a need for intelligent and efficient engineering solutions in all industrial sectors. Companies are directing 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. The trend of centralizing service purchasing also continued, 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. The final quarter of 2016 continued to be characterized by an uncertain market situation and unpredictable changes in Etteplan’s main markets and various customer industries. Demand got off to a slow start at the beginning of the year, recovered slightly in the second quarter, but declined in the third quarter. Demand then picked up again slightly in the final quarter. Decision making on new investment projects was slow throughout the year.

There were no significant changes in the demand for our services by customer industry in the final quarter of the year, but customer-specific differences were substantial. Demand among mining industry equipment manufacturers picked up slightly late in the year due to an increase in raw material prices. Demand among lifting and hoisting equipment manufacturers also increased slightly. Demand in the energy and power transmission industry remained at a relatively good level. Demand among forest industry equipment manufacturers remained at a good level. In Sweden, demand from aerospace and defense equipment manufacturers was at a good level. In Finland, demand from aerospace and defense equipment manufacturers was at a relatively good level. In the transportation and vehicle industry, good demand for testing and analysis services requiring special expertise continued. Demand in the ICT industry was at a good level.

There were significant differences in market development between Etteplan’s main markets. In Finland, revenues in the technology industry in January-December 2016 were nearly at the same level as in the corresponding period the previous year. Orders received by Finnish companies in the machinery and metal industry in October-December 2016 were substantially higher than in July-September 2016. Nevertheless, their order books at the end of the year were nearly at the same level as they were at the corresponding time in 2015. In Finland, the demand for engineering services was at a weaker level than in the rest of Europe.

In Sweden, market demand returned to a good level in the final quarter after stabilizing slightly in the third quarter. Competition for employees, which burdens the entire engineering industry, continued to be intense.

Demand in Central Europe remained at a good level. There were no significant changes in the demand situation in Germany and the Netherlands. In Poland, the demand for engineering services remained at a good level.

In spite of the uncertainty in the Chinese market, companies operating in China increased their purchasing of external services. The service market continued to open up presenting growth opportunities for operators in the engineering industry.

Revenue

Etteplan's revenue grew by 30.3 per cent in January-December and was EUR 183.9 million (2016: EUR 141.1 million). Revenue increased by 30.8 per cent at comparable exchange rates. Revenue was increased by the significant acquisitions carried out in the spring. Organic growth was 2.5 per cent. At comparable exchange rates, organic growth was 3.0 per cent.

In October-December, revenue increased by 31.6 per cent and was EUR 53.1 million (10-12/2015: EUR 40.4 million). Revenue increased by 33.0 per cent at comparable exchange rates. Organic growth was 2.7 per cent. At comparable exchange rates, organic growth was 4.0 per cent.

Etteplan's business is subject to periodic fluctuation. The periodic fluctuation is affected by holiday seasons and the timing of product development and investment projects in customer companies mainly in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

Result

EBIT from business operations increased by 26.5 per cent in January-December and amounted to EUR 12.1 million (1-12/2015: EUR 9.5 million), or 6.6 per cent (6.8 per cent) of revenue. Exceptional items, related particularly to acquisitions, had a combined negative effect of EUR 1.7 million (EUR 1.0 million) on EBIT from business operations.

EBIT from business operations increased by 58.0 per cent in October-December and amounted to EUR 4.6 million (10-12/2015: EUR 2.9 million), or 8.6 per cent (7.1 per cent) of revenue. Exceptional items, related particularly to the integration of acquired businesses, had a combined negative effect of EUR 0.2 million (EUR 0.4 million) on EBIT from business operations.

EBIT from business operations reflects the Company's operational performance: it does not include acquisition-related items such as amortization on PPA allocations and earn out revaluations.

In January-December, operating profit (EBIT) increased by 17.9 per cent and amounted to EUR 10.1 million (1-12/2015: EUR 8.6 million), or 5.5 per cent (6.1 per cent) of revenue. Operational costs increased by 30.6 per cent.

In October-December, operating profit (EBIT) increased by 55.5 per cent and amounted to EUR 4.0 million (10-12/2015: EUR 2.6 million), or 7.6 per cent (6.4 per cent) of revenue.

In 2016, financial expenses were EUR 1.2 million (2015: EUR 1.3 million).

Profit before taxes for January-December was EUR 9.4 million (1-12/2015: EUR 7.9 million). Taxes in the income statement amounted to 19.5 per cent (22.0 per cent) of the result before taxes. The amount of taxes was EUR 1.8 million (EUR 1.7 million).

The profit for January-December was EUR 7.6 million (2015: EUR 6.2 million).

Earnings per share for January-December, adjusted for the share issue, were EUR 0.33 (2015: EUR 0.28). The comparison period's earnings per share have been issue adjusted. The rights issue factor was 1.050. Equity per share was EUR 2.14 (EUR 1.73). Return on capital employed (ROCE) before taxes was 14.8 per cent (17.4 per cent).

Financial position and cash flow

The Group's cash and cash equivalents stood at EUR 4.8 million at the end of the year (December 31, 2015: EUR 8.8 million). The Group's financial liabilities amounted to EUR 34.3 million (December 31, 2015: EUR 23.2 million). The total of unused short-term credit facilities stood at EUR 7.8 million (December 31, 2015: EUR 9.1 million).

Operating cash flow in January-December was EUR 5.7 million (2015: EUR 9.9 million). Cash flow after investments was EUR -18.2 million (2015: EUR 6.4 million). Operating cash flow in October-December was EUR 9.8 million (10-12/2015: EUR 7.8 million). Cash flow after investments in October-December

was EUR 9.3 million (10-12/2015: EUR 7.5 million). Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business. The decrease in full-year cash flow was attributable to the Company's strong growth and an unfavorable mix of customers' payment terms. Total assets on December 31, 2016 were EUR 134.5 million (December 31, 2015: EUR 92.5 million). Goodwill on the balance sheet was EUR 58.1 million (December 31, 2015: EUR 42.7 million).

The equity ratio was 40.0 per cent at the end of the year (December 31, 2015: 37.8 per cent).

Capital expenditures

The Group's gross investments in January-December were EUR 30.2 million (2015: EUR 9.9 million). The investments consisted mainly of acquisitions carried out in the second quarter. The Group's gross investments in October-December were EUR 1.6 million (10-12/2015: EUR 0.6 million) and were mainly comprised of license fees for engineering software.

Personnel

The average number of personnel increased by 23.6 per cent compared to the previous year. The Group employed 2,407 (2015: 1,948) people on average and 2,545 (December 31, 2015: 2,074) people at the end of the year. At the end of the year, 839 people (December 31, 2015: 706) were employed by the Group outside of Finland. A total of 47 employees were temporarily laid off at the end of 2016.

Business review

Etteplan's market position in 2016 was strengthened by the significant acquisitions carried out in the second quarter and the success of the outsourcing business. The demand for Managed Services continued to grow. The demand for digitalization-related services remained at a good level. The markets showed signs of recovery in the final quarter of the year. The number of new product development and equipment engineering projects was higher than before and Etteplan's organic growth turned back to positive. New plant engineering investments were slow to start throughout the year, especially in Finland.

The demand situation in Finland remained weaker than in the rest of Europe. Etteplan's Finnish business remained stable and we won several outsourcing contracts.

In Sweden, the market situation in the industry continued to develop favorably and Etteplan's Swedish business saw positive development. In Sweden, attrition and the competition for experts continued to burden the business. Business in the Netherlands and Germany remained stable. The demand situation in Poland remained good and the business developed favorably.

The number of hours sold in the Chinese market decreased in the first quarter due to uncertainty in the Chinese market. The market situation changed in the second quarter and the number of hours sold began to increase. The growth was 24 per cent in January-December. The rate of growth increased towards the end of the year and was 38 per cent in October-December.

Key accounts grew by 10.7 per cent in January-December compared to the previous year. In October-December, key accounts grew by 8.9 per cent.

Etteplan's target was to achieve a share of 50 per cent of revenue for Managed Services (Managed Services index, MSI). The target was achieved in the second quarter of 2016. In December, the new MSI target was set at 65 per cent. In January-December, the share of revenue represented by Managed Services was 53 per cent (1-12/2015: 47 per cent). In October-December, the share of revenue represented by Managed Services was 53 per cent (1-12/2015: 48 per cent). The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability.

The Company's service offering was significantly strengthened in April when Etteplan made acquisitions to expand its business operations in Embedded Systems and into the Internet of Things (IoT). The acquired businesses continued to develop very well in the final quarter and their integration into Etteplan progressed according to plan.

Engineering services

Engineering services refer to the innovation, engineering, and technical calculations of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically product development or delivery engineering for a new product, involving the customization of the product in accordance with end customer requirements and the legislation of the market area in question.

(EUR 1,000)	10-12/2016	10-12/2015*	Change to prev. year	1-12/2016	1-12/2015*	Change to prev. year
Revenue	29,927	32,407	-7.7 %	112,823	112,341	0.4 %
EBIT from business operations	2,061	2,173	-5.2 %	6,493	6,805	-4.6 %
EBIT from business operations, %	6.9	6.7		5.8	6.1	
Managed Services index	50	45		49	44	

*Embedded systems and IOT was included in Engineering services in 2015 and Q1 2016.

The Embedded Systems competence area, which was previously part of the Engineering services service area, was transferred to the newly established Embedded systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded systems competence area is included in the Engineering services service area's comparison figures for 2015 and the first quarter of 2016.

Engineering services accounted for 61.3 percent of Etteplan's revenue in 2016 (2015: 79.6 per cent) and 56.3 per cent in October-December (10-12/2015: 80.3 per cent). The service area's revenue in January-December grew by 0.4 per cent, amounting to EUR 112.8 million (1-12/2015: EUR 112.3 million). In October-December, revenue decreased by 7.7 per cent compared to the previous year, amounting to EUR 29.9 million (10-12/2015: EUR 32.4 million). Revenue development was affected by the Embedded Systems competence area being transferred to the newly established Embedded Systems and IoT service area. Revenue was also affected by a slow start of new investment projects in Finland, particularly in plant engineering services.

In engineering services, EBIT from business operations in January-December amounted to EUR 6.5 million (2015: EUR 6.8 million) and was 5.8 per cent (6.1 per cent) of revenue. In October-December, EBIT from business operations was EUR 2.1 million (10-12/2015: EUR 2.2 million), or 6.9 per cent (6.7 per cent) of revenue. The profitability indicators were affected by the Embedded Systems competence area being transferred to the newly established Embedded Systems and IoT service area.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, rose to 49 per cent in January-December (2015: 44 per cent). The utilization rate of engineering services improved in the final quarter, but was generally at a satisfactory level in 2016.

In October, Etteplan and Outokumpu agreed on the outsourcing of the technical engineering and documentation services for Outokumpu's mill in Tornio to Etteplan. In addition to the outsourcing, Outokumpu's Tornio mill and Kemi mine will focus their technical engineering services, technical documentation and information management service purchases with Etteplan. The outsourcing agreement entered into force on November 1, 2016, with 22 of the Tornio mill's employees transferred to Etteplan as existing employees. The outsourcing agreement is of strategic significance to Etteplan and it creates, together with its acquisition of Suomen Unit Oy at the beginning of the year, an excellent foundation to serve industrial companies and develop business operations in northern Finland.

In China, Etteplan began supplying services to Huisman China in Xiamen.

Technical documentation

Technical documentation refers to product-related documentation, such as manuals and service instructions for the users of a product, as well as related content creation and distribution. Technical documentation services include the software business and SaaS services. For an industrial customer, technical documentation is typically a non-core operation that has a significant impact on the end customer's user experience and the efficiency of Etteplan's customer's maintenance service operations.

(EUR 1,000)	10-12/2016	10-12/2015*	Change to prev. year	1-12/2016	1-12/2015	Change to prev. year
Revenue	9,839	7,978	23.3 %	35,714	28,837	23.8 %
EBIT from business operations	1,046	831	25.8 %	2,838	2,714	4.6 %
EBIT from business operations, %	10.6	10.4		7.9	9.4	
Managed Services index	71	65		70	64	

The share of Etteplan's revenue represented by technical documentation was 19.4 per cent in January-December (1-12/2015: 20.4 per cent) and 18.5 per cent in October-December (10-12/2015: 19.8 per cent). The service area's revenue in January-December grew by 23.8 per cent, amounting to EUR 35.7 million (1-12/2015: EUR 28.8 million). In October-December, revenue increased by 23.3 per cent to EUR 9.8 million (10-12/2015: EUR 8.0 million).

In technical documentation, EBIT from business operations increased in January-December to EUR 2.8 million (1-12/2015: EUR 2.7 million), or 7.9 per cent (9.4 per cent) of revenue. In October-December, EBIT from business operations improved and amounted to EUR 1.0 million (EUR 0.8 million), or 10.6 per cent (10.4 per cent) of revenue.

The profitability of technical documentation was burdened early in the year by the business in Germany being expectedly weaker, the low level of the software business and the weak demand situation in a few units. The demand for the software business improved in the final quarter. In addition, Etteplan has implemented measures that have helped improve the service area's profitability.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, increased in January-December to 70 per cent (64 per cent). The utilization rate of technical documentation services improved in the final quarter, but was generally at a satisfactory level in 2016.

In January-December, the increase in revenue from technical documentation was attributable to the continued trend of outsourcing, the arvato AG acquisition and Etteplan's market position, which was strengthened due to the company's unique service offering.

The glass-processing technology company Glaston outsourced the technical documentation of its glass-processing lines to Etteplan as of November 1, 2016. The agreement concerns technical documentation for Glaston's machines manufactured in Tampere, Finland, and Tianjin, China.

In China, cooperation began with Blumenbecker and System China.

Embedded systems and IoT

Embedded systems and IoT refer to all product creation and technology solutions that enable the implementation of control systems for products or machines and digital connectivity as part of the Internet of Things (IoT). Etteplan's services cover product and software engineering, testing services and production testing systems and services, as well as the development of business systems, mobile applications and integrations for comprehensive IoT solutions.

(EUR 1,000)	10-12/2016	10-12/2015*	Change to prev. year	1-12/2016	1-12/2015*	Change to prev. year
Revenue	13,406			35,400		
EBIT from business operations	1,495			3,956		
EBIT from business operations, %	11.2			11.2		
Managed Services index	55			54		

*Embedded systems and IOT was included in Engineering services in 2015 and Q1 2016.

Etteplan acquired Espotel and Soikea Solutions in April 2016 and expanded its business operations in Embedded Systems and into the Internet of Things (IoT). Embedded Systems and IoT is Etteplan's third service area and the Company began reporting on it in the Half Year Financial Report for 2016. The acquired companies are included in Etteplan's figures starting from April 1, 2016.

The Embedded systems competence area, which was previously part of the Engineering services service area, was transferred to the newly established Embedded Systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded systems competence area is included in the Engineering services service area's comparison figures for 2015 and the first quarter of 2016.

The share of Etteplan's revenue represented by Embedded systems and IoT was 19.2 per cent in January-December and 25.2 per cent in October-December. The service area's revenue was EUR 35.4 million in January-December and EUR 13.4 million in October-December.

In Embedded systems and IoT, EBIT from business operations in January-December amounted to EUR 4.0 million, which was 11.2 per cent of revenue. In October-December, EBIT from business operations was EUR 1.5 million, or 11.2 per cent of revenue.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, was 54 per cent in January-December. The utilization rate of the Embedded systems and IoT service area was at a very good level in the final quarter of the year.

The service area's demand situation remained very good. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the Company. Several significant new deals for embedded systems were made in both Finland and Poland in the final quarter of the year.

The integration into Etteplan of the business operations of the companies acquired in the second quarter moved ahead according to plan. In the latter part of the year, we focused on completing the previously initiated measures and the Espotel brand was merged with the Etteplan brand. The digital services and services related to embedded systems and IoT formerly sold under the Espotel brand began to be offered under the Etteplan and Soikea brands.

GOVERNANCE

Annual General Meeting

The Annual General Meeting of Shareholders of Etteplan Oyj was held on April 5, 2016, at the premises of the Company in Vantaa. In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Robert Ingman, Patrick von Essen, Matti Huttunen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen as members of the Board of Directors.

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 2015.

PricewaterhouseCoopers Oy, Authorized Public Accountants, with Authorized Public Accountant Lauri Kallaskari as the main responsible auditor and Certified Auditor Olli Wesamaa were elected as the

Company's auditors. The auditors' fees were resolved to be paid according to invoice approved by the Company.

The Annual General Meeting authorized 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 Nasdaq 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 5, 2016 and ending on October 4, 2017. The authorization will replace the corresponding previous authorization.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of a maximum of 6,000,000 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 a right to issue new shares or assign Company's own shares held by the Company.

The authorization includes a right to deviate from the existing shareholders' pre-emptive subscription right as set forth in Chapter 9, Section 3 of the Finnish Companies Act. Therefore, the Board of Directors has a right to direct the share issue, or issuance of the option rights or other special rights entitling to shares. The authorization includes also a right to determine on all the terms of share issue, option rights or other special rights entitling to shares. The authorization includes therefore a right to determine on 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 a right to determine whether the subscription price will be entered into the share capital or into the reserve of invested non-restricted equity.

The authorization is valid for two (2) years from the date of the resolution of the Annual General Meeting starting on April 5, 2016 and ending on April 4, 2018.

Dividend

The Annual General Meeting on April 5, 2016 resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.15 per share for the financial year 2015. The remaining funds shall be left to the unrestricted equity. The dividend was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date of the payment of dividend was April 7, 2016. The dividend was paid on April 14, 2016.

Shares

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Small Cap market capitalization group in the Industrials sector under the ETT1V ticker. Etteplan is preparing to change its ticker. The new ticker is ETTE. The adoption of the new ticker will be announced in a separate release.

The Company's share capital on December 31, 2016 was EUR 5,000,000.00, and the total number of shares was 24,771,492. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

At its meeting on June 21, 2016, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of own shares in accordance with the authorization given to it at the Annual General Meeting on April 5, 2016. The number of repurchased shares will not exceed 100,000 shares and the corresponding number of voting rights. Shares will be repurchased in public trading on Nasdaq Helsinki Ltd for the market price quoted at the time of the repurchase, as provided by the regulations on public trading of shares. The repurchased shares are used for carrying out the Company's incentive plan for its key personnel. The repurchased shares may be retained by the Company, invalidated or transferred further. Etteplan completed a repurchase program of its own shares on November 14, 2016. The Company acquired a total of 100,000 shares and the voting rights carried by them at an average price of EUR 5.40 in public trading on Nasdaq Helsinki Ltd.

In January-December, the Company acquired a total of 132,974 of its own shares. In April 2016, the Company transferred a total of 221,365 treasury shares to the key private owners of Espotel Oy and Soikea Solutions Oy as a part of the acquisition of the total share capital of the two companies. The Company held 235,892 of its own shares on December 31, 2016, which corresponds to 0.95 per cent of all shares and voting rights (December 31, 2015: 324,283).

The number of Etteplan Oyj shares traded in January-December was 1,863,476 for a total value of EUR 9.38 million (EUR 4.25 million). The share price low was EUR 3.81, the high EUR 5.90, the average EUR 5.04 and the closing price EUR 5.58. Market capitalization on December 31, 2016 was EUR 136.91 million.

Rights issue

Etteplan Oyj's Board of Directors decided on May 9, 2016, to issue a maximum of 4,105,933 new shares pursuant to the authorization granted by the Annual General Meeting held on April 4, 2016, in a share issue based on the existing shareholders' pre-emptive subscription right. All shares offered in the rights issue were subscribed. The subscription price of the offered shares was EUR 3.50 per share, and Etteplan raised gross proceeds of approximately EUR 14.4 million through the issue. As a result of the issue, the total number of shares in Etteplan increased to 24,771,492. The new shares were registered with the Finnish Trade Register and in Etteplan's shareholder register on June 9, 2016. The rights issue was the subject of stock exchange releases published on May 9, 2016, May 10, 2016, June 1, 2016, and June 8, 2016.

Flaggings

Etteplan Oyj received no flagging notices in 2016.

Share-based incentive plans

The Board of Directors of Etteplan Oyj decided on February 12, 2014 on a share-based incentive plan for the Company's President and CEO. The Restricted Stock Plan includes one three-year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The reward to be paid on the basis of the Restricted Stock Plan will amount to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided on June 3, 2014 to establish a share-based incentive plan for the Group key personnel. The Plan includes one earning period which includes the calendar years 2014-2016. The earnings criteria are Etteplan Group's revenue increase and the development of

Total Shareholder Return (TSR). Approximately 15 people belong to the target group of the Plan. The rewards to be paid on the basis of the Plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

On April 20, 2016, the Nomination and Remuneration Committee of Etteplan's Board of Directors decided, upon the implementation of the share issue, to revise the share-based incentive systems directed at the President and CEO and Etteplan's key personnel. The number of shares paid under the systems will be increased by a factor of 1.05, which corresponds to the trading-weighted average of the closing prices of the Etteplan share between April 6 and May 6, 2016, divided by the share price inclusive of the TERP (Theoretical Ex-Rights Price) discount.

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.

At its meeting on February 9, 2017, Etteplan's Board of Directors decided to transfer 26,263 shares in the Company to the President and CEO in accordance with the terms of the incentive plan described above. The shares to be paid out as rewards will be transferred from the shares held by the Company. The Company will pay taxes and tax-related costs arising from the reward. The transfer date of the shares is February 28, 2017.

At its meeting on February 9, 2017, Etteplan's Board of Directors decided to transfer 169,939 shares in the Company to key personnel in accordance with the terms of the incentive plan described above. The shares to be paid out as rewards will be transferred from the shares held by the Company. The Company will pay taxes and tax-related costs arising from the reward. The transfer date of the shares is April 28, 2017.

Operating risks and uncertainty factors

Etteplan's financial results are exposed to a number of strategic, operational and financial risks.

Etteplan's risk management review will be published in the 2017 Annual Report.

Operating risks and uncertainty factors in the review period

The uncertainty caused by the general economic development continued in 2016. There were clear country-specific differences in the demand for engineering services.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. In January-December, increased difficulties in recruiting professional staff in Sweden continued to present a business risk.

Estimate of operating risks and uncertainty factors in the near future

The uncertainty caused by the general economic development continues to be a risk for Etteplan's business. The uncertainty in the global economy poses a risk to 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 availability of personnel in Sweden continues to present a business risk.

Risks related to business operations are still at a significant level, but they are not estimated to grow.

Updated strategic and financial targets

The Board of Directors of Etteplan Oyj decided on December 19, 2016, to update the Company's strategic and financial targets. The new targets are:

- Growth: Average annual revenue growth 15 per cent.
- Profitability: EBIT from business operations 10 per cent of revenue.
- Managed Services: The share of revenue represented by Managed Services, i.e. the Managed Services Index (MSI) 65 per cent by 2019.

- Balance sheet: Equity ratio >30 per cent.

The targets for growth and profitability remain the same as before. The target for Managed Services was previously 50 per cent. The target related to the equity ratio is new.

Market outlook 2017

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. There are small signs of recovery in our business environment, but the general uncertainty continues to slow down the start of new investments. Political changes in various countries and upcoming elections can also quickly change the direction of the economy. The development of the European markets is expected to remain unchanged. In the Finnish market, the market situation is expected to remain weaker than in the rest of Europe. In Asia, the growth of the service market is expected to continue.

Financial guidance 2017

We expect the revenue and operating profit for the full year 2017 to grow clearly compared to 2016.

The Board's proposal for distribution of 2016 profits

The parent company's distributable shareholders' equity according to the balance sheet on December 31, 2016, is EUR 32,803,579.84. The Board of Directors will propose to the Annual General Meeting, which will convene on April 4, 2017, that on the dividend payout date a dividend of EUR 0.16 per share be paid on the company's externally owned shares, for a total amount of EUR 3.963.438,72 at most, and that the remaining profit be transferred to retained earnings. It is the Board's opinion that the proposed distribution of dividends will not endanger the Company's solvency. In accordance with the Board's proposal, the record date for the dividend payout is April 6, 2017, and the date of dividend payout is April 13, 2017.

Financial information in 2017

Etteplan Oyj's interim reports will be published as follows:

Interim report 1-3/2017	Wednesday, May 3, 2017
Half Year Financial Report 1-6/2017	Thursday, August 10, 2017
Interim report 1-9/2017	Wednesday, October 25, 2017

Annual General Meeting 2017

Etteplan Oyj's Annual General Meeting will be held in Vantaa, Finland, on Tuesday, April 4, 2017, starting at 1 p.m. The summons to the AGM will be published as a separate release.

Vantaa, February 9, 2017

Etteplan Oyj
Board of Directors

Additional information:

Juha Näkki, President and CEO, tel. +358 400 606 372

APPENDIX:

Financial Statement Summary and Notes

Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position

Consolidated Statement of Cash Flows

Consolidated Statement of Changes in Equity

Notes to the Financial Statement Summary

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)	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Revenue	53,137	40,374	183,938	141,143
Other operating income	150	88	517	309
Materials and services	-4,953	-1,990	-13,893	-7,918
Staff costs	-35,731	-28,977	-129,172	-101,452
Other operating expenses	-7,354	-6,019	-26,440	-20,384
Depreciation and amortization	-1,233	-892	-4,818	-3,104
Operating profit (EBIT)	4,017	2,584	10,131	8,594
Financial income	-104	229	555	589
Financial expenses	-122	-478	-1,245	-1,251
Profit before taxes	3,791	2,334	9,441	7,933
Income taxes	-878	-529	-1,838	-1,744
Profit for the financial year	2,913	1,804	7,604	6,189
Other comprehensive income, that may be subsequently reclassified to profit or loss				
Foreign subsidiary net investment hedge	30	-44	103	-41
Currency translation differences	161	673	-1,157	650
Change in fair value of investments available-for-sale	0	16	-7	43
Tax from items, that may be subsequently reclassified to profit or loss	-6	5	-19	0
Other comprehensive income, net of tax	184	651	-1,080	652
Total comprehensive income for the year	3,097	2,455	6,524	6,841
Income attributable to				
Equity holders of the parent company	2,882	1,765	7,436	6,122
Non-controlling interest	31	39	168	67
	2,913	1,804	7,604	6,189
Total comprehensive income attributable to				
Equity holders of the parent company	3,063	2,417	6,356	6,779
Non-controlling interest	34	38	168	62
	3,097	2,455	6,524	6,841
Earnings per share calculated from the result attributable to equity holders of the parent company				
Basic earnings per share, EUR	0.12	0.08 *	0.33	0.28 *
Diluted earnings per share, EUR	0.12	0.08 *	0.33	0.28 *

*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	31.12.2016	31.12.2015
ASSETS		
Non-current assets		
Tangible assets	2,910	2,179
Goodwill	58,128	42,734
Other intangible assets	18,036	9,418
Investments available-for-sale	680	687
Other non-current receivables	41	54
Deferred tax assets	365	161
Non-current assets, total	80,159	55,232
Current assets		
Inventory	255	0
Trade and other receivables	49,180	28,296
Current tax assets	139	177
Cash and cash equivalents	4,750	8,807
Current assets, total	54,324	37,281
TOTAL ASSETS	134,483	92,513
EQUITY AND LIABILITIES		
Capital attributable to equity holders of the parent company		
Share capital	5,000	5,000
Share premium account	6,701	6,701
Unrestricted equity fund	18,524	4,406
Own shares	-386	-949
Cumulative translation adjustment	-1,981	-863
Other reserves	219	225
Retained earnings	17,099	13,980
Profit for the financial year	7,436	6,122
Capital attributable to equity holders of the parent company, total	52,613	34,621
Non-controlling interest	165	-3
Equity, total	52,777	34,618
Non-current liabilities		
Deferred tax liabilities	3,293	1,754
Financial liabilities	23,807	8,296
Other non-current liabilities	649	92
Non-current liabilities, total	27,750	10,142
Current liabilities		
Financial liabilities	10,461	14,925
Trade and other payables	42,513	31,901
Current income tax liabilities	982	927
Current liabilities, total	53,956	47,753
Liabilities, total	81,706	57,895
TOTAL EQUITY AND LIABILITIES	134,483	92,513

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Operating cash flow				
Cash receipts from customers	47,780	40,205	174,644	138,557
Operating expenses paid	-36,967	-31,638	-165,607	-126,897
Operating cash flow before financial items and taxes	10,813	8,567	9,037	11,659
Interest and payment paid for financial expenses	-219	-207	-813	-636
Interest received	9	4	44	40
Income taxes paid	-768	-548	-2,606	-1,131
Operating cash flow (A)	9,835	7,817	5,661	9,932
Investing cash flow				
Purchase of tangible and intangible assets	-566	-340	-1,879	-1,621
Acquisition of subsidiaries	0	0	-22,262	-1,907
Proceeds from contingent asset	0	0	215	0
Proceeds from sale of tangible and intangible assets	1	1	24	1
Proceeds from sale of investments	0	0	0	1
Purchase of investments	-10	0	-10	0
Loan receivables, decrease	0	1	45	1
Investing cash flow (B)	-574	-338	-23,866	-3,526
Cash flow after investments (A+B)	9,261	7,479	-18,204	6,406
Financing cash flow				
Share issue net of cost	0	0	13,937	0
Purchase of own shares	-221	-75	-693	-75
Short-term loans, increase	-3,650	-2,268	11,685	2,567
Short-term loans, decrease	-4,007	-1,360	-22,547	-8,687
Long-term loans, increase	0	0	20,601	10,000
Long-term loans, decrease	-11	0	-4,569	0
Payment of finance lease liabilities	-302	-274	-1,184	-985
Dividend paid and other profit distribution	0	0	-3,046	-2,981
Financing cash flow (C)	-8,191	-3,976	14,184	-160
Variation in cash (A+B+C) increase (+) / decrease (-)	1,070	3,502	-4,020	6,246
Assets at the beginning of the period	3,772	5,373	8,807	2,575
Exchange gains or losses on cash and cash equivalents	-92	-69	-37	-14
Assets at the end of the period	4,750	8,807	4,750	8,807

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

A) Share Capital	F) Cumulative Translation Adjustment
B) Share Premium Account	G) Retained Earnings
C) Unrestricted Equity Fund	H) Total
D) Other Reserves	I) Non-controlling Interest
E) Own Shares	J) Equity total

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Equity Jan 1, 2015	5,000	6,701	2,364	177	-912	-1,472	16,960	28,818	-65	28,753
Comprehensive income										
Profit for the financial year	0	0	0	0	0	0	6,122	6,122	67	6,189
Fair value reserve available-for-sale assets	0	0	0	35	0	0	0	35	0	35
Foreign subsidiary net investment hedge	0	0	0	0	0	-33	0	-33	0	-33
Cumulative translation adjustment	0	0	0	0	0	655	0	655	-5	650
Total comprehensive income for the year	0	0	0	35	0	622	6,122	6,779	62	6,841
Transactions with owners										
Dividends	0	0	0	0	0	0	-2,981	-2,981	0	-2,981
Directed share issue	0	0	2,042	0	0	0	0	2,042	0	2,042
Purchase of own shares	0	0	0	0	-75	0	0	-75	0	-75
Reclassifications	0	0	0	14	0	-14	0	0	0	0
Share-based incentive plan	0	0	0	0	38	0	0	38	0	38
Transactions with owners, total	0	0	2,042	14	-37	-14	-2,981	-976	0	-976
Equity Dec 31, 2015	5,000	6,701	4,406	225	-949	-863	20,101	34,621	-3	34,618

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
Equity Jan 1, 2016	5,000	6,701	4,406	225	-949	-863	20,101	34,621	-3	34,618
Comprehensive income										
Profit for the financial year	0	0	0	0	0	0	7,436	7,436	168	7,604
Fair value reserve available-for-sale assets	0	0	0	-6	0	0	0	-6	0	-6
Foreign subsidiary net investment hedge	0	0	0	0	0	82	0	82	0	82
Cumulative translation adjustment	0	0	0	0	0	-1,200	44	-1,157	0	-1,157
Total comprehensive income for the year	0	0	0	-6	0	-1,118	7,480	6,356	168	6,524
Transactions with owners										
Dividends	0	0	0	0	0	0	-3,046	-3,046	0	-3,046
Share issue net of cost	0	0	13,937	0	0	0	0	13,937	0	13,937
Directed share issue	0	0	181	0	928	0	0	1,109	0	1,109
Purchase of own shares	0	0	0	0	-693	0	0	-693	0	-693
Share-based incentive plan	0	0	0	0	328	0	0	328	0	328
Transactions with owners, total	0	0	14,118	0	563	0	-3,046	11,635	0	11,635
Equity Dec 31, 2016	5,000	6,701	18,524	219	-386	-1,981	24,535	52,613	165	52,777

NOTES TO THE FINANCIAL STATEMENT SUMMARY

General

The parent company of Etteplan Group is Etteplan Oyj (the Company), a Finnish public limited company established under Finnish law. The Company is domiciled in Vantaa.

Etteplan's services cover engineering, technical documentation, embedded systems and IoT solutions. Our customers are the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products 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 2016, Etteplan had turnover of EUR 183.9 million. The company has over 2,500 professionals in Finland, Sweden, the Netherlands, Germany, Poland and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETT1V ticker. Etteplan is preparing to change its ticker. The new ticker is ETTE. The adoption of the new ticker will be announced in a separate release.

The Etteplan Oyj Board of Directors has approved this financial statement release for publication at its meeting of February 9, 2017.

Basis for preparation

This Financial Statement Release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard. The accounting policies presented in the 2015 Annual Financial Statements have been followed in the preparation of the Financial Statement Release with the exception of changes in standards and interpretations in effect in 2016, which concern the Group. These changes did not have material effect on the Financial Statement Release.

The Annual Financial Statements 2015 are available at www.etteplan.com with the accounting policies detailed on pages 58-66. Formulas for the key figures are detailed at the end of this release.

Monetary figures in the Financial Statement Release are presented in thousands of euros. All figures in the tables have been rounded up or down, due to which the sums of figures may deviate from the sum totals presented.

Use of estimates

This Financial Statement Release includes forward-looking estimates and assumptions. Accordingly, outcomes may deviate from these estimates, which are based on the management's best knowledge at the time of Financial Statement Release.

Income taxes

The taxes listed in the consolidated income statement have been calculated with the tax rate appropriate for the projected full-year result. The estimated average effective tax rate for the year has been set separately for each relevant country. Taxes in the income statement amounted to 19.5 per cent (1-12/2015: 22.0 per cent) calculated of the result before taxes.

Risks

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. A description of risks can be found in Etteplan's annual report 2015 on pages 20-25. A detailed financial risk analysis can be found in Etteplan's annual report 2015 on pages 66-70.

KEY FIGURES

(EUR 1,000)	1-12/2016	1-12/2015	Change to prev. year
Revenue	183,938	141,143	30.3 %
EBIT from business operations	12,071	9,540	26.5 %
EBIT from business operations, %	6.6	6.8	
Operating profit (EBIT)	10,131	8,594	17.9 %
EBIT, %	5.5	6.1	
Profit before taxes	9,441	7,933	19.0 %
Profit before taxes, %	5.1	5.6	
Return on equity, %	17.4	19.5	
ROCE, %	14.8	17.4	
Equity ratio, %	40.0	37.8	
Gross interest-bearing debt	34,269	23,222	47.6 %
Net gearing, %	55.9	41.6	
Balance sheet, total	134,483	92,513	45.4 %
Gross investments	30,186	9,867	205.9 %
Operating cash flow	5,661	9,932	-43.0 %
Basic earnings per share, EUR	0.33	0.28 *	17.9 %
Diluted earnings per share, EUR	0.33	0.28 *	17.9 %
Equity per share, EUR	2.14	1.73	24.1 %
Personnel, average	2,407	1,948	23.6 %
Personnel at end of the period	2,545	2,074	22.7 %

*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

REVENUE AND OPERATING PROFIT (EBIT) QUARTERLY

(EUR 1,000)	1-3/2016	1-3/2015	4-6/2016	4-6/2015	7-9/2016	7-9/2015	10-12/2016	10-12/2015
Revenue	38,603	34,650	50,211	34,240	41,986	31,880	53,137	40,374
Operating profit (EBIT)	1,896	2,051	2,352	2,305	1,866	1,655	4,017	2,584
EBIT, %	4.9	5.9	4.7	6.7	4.4	5.2	7.6	6.4

EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional 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)	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Other operating income	0	0	215	0
Staff costs and other operating expenses	-180	-440	-1,886	-1,007
Operating profit (EBIT)	-180	-440	-1,671	-1,007
Financial expenses	0	0	0	-6
Profit for the financial year	-180	-440	-1,671	-1,014

RECONCILIATION OF EBIT FROM BUSINESS OPERATIONS

(EUR 1,000)	10-12/2016	10-12/2015	1-12/2016	1-12/2015
EBIT	4,017	2,584	10,131	8,594
Amortization on PPA allocations	540	300	1,939	946
earn-out revaluation items	0	0	0	0
EBIT from business operations	4,557	2,884	12,071	9,540

RELATED PARTY TRANSACTIONS

The Group's related-party includes such persons that have control, joint control or significant influence over the Group. Also the Group's key personnel, that is, the members of the Board of Directors and Management Group including the CEO are included in the related-party. Companies in control or joint control of the before mentioned persons are considered as other related parties. Related-party transactions are priced according to Group's normal pricing basis and sales conditions.

The following transactions were carried out with related parties:

(EUR 1,000)	31.12.2016	31.12.2015
Sales and purchases of services and related receivables and payables		
Sales of services to other related parties	217	36
Purchases of services from other related parties	36	36

(EUR 1,000)	31.12.2016	31.12.2015
Loans received from other related parties		
At the beginning of period	0	0
Additions	10,000	0
Interest	28	0
Conversion to shares	-9,807	0
Repayments	-221	0
At the end of period	0	0

LOANS

(EUR 1,000)	31.12.2016	31.12.2015
Non-current	23,807	8,296
Current	10,461	14,925
Total	34,269	23,222

BUSINESS COMBINATIONS

Espotel Oy and Soikea Solutions Oy

Etteplan acquired the total share capital of Espotel Oy and Soikea Solutions Oy from their key personnel and private equity investment companies on April 4, 2016. Espotel is one of the leading engineering services companies in the Nordics specializing in embedded systems, production testing solutions and IoT (Internet of Things) solutions for industrial purposes. Soikea is a specialist in digital data transfer and management, whose multichannel solutions produce the right information to the right place at the right time. The comprehensive product and service solutions of Espotel and Soikea meet well the demands for digitalization in the industrial sector. The experts of the companies have extensive experience ranging from the design of CPU based equipment to digital systems. The companies employed together some 330 professionals, who continued in Etteplan Group. Espotel and Soikea have operations in Finland, Sweden and Poland.

The acquisition consideration for the companies' shares and convertible loan is EUR 26,454 thousand consisting of cash payments, a transfer of Etteplan Oyj's own shares, and a contingent consideration. The cash consideration including a price adjustment agreed with the seller amounts to EUR 23,873 thousand in total and the consideration paid in Etteplan Oyj's own shares amounts to EUR 1,109 thousand. In addition to these payments a contingent consideration of EUR 0-1,500 thousand (undiscounted amount) is agreed upon. The contingent consideration will be paid in full provided that Soikea Solutions Oy's result in the financial year 2016 and 2017 reaches the thresholds set in the share transfer agreement. The fair value of the contingent consideration is estimated by applying the income approach. At the time of acquisition the fair value of the contingent consideration was EUR 1,473 thousand.

The goodwill of EUR 16,044 thousand arising from the acquisition is attributable to the technical know-how of acquirees' personnel, and the companies' operating model. None of the goodwill recognized is expected to be deductible for income tax purposes.

arvato AG

Etteplan completed a business and share transfer agreement with arvato AG, a Bertelsmann Group company on December 31, 2015.

The acquired business includes technical documentation services in Germany and in the Netherlands. The acquisition comprises arvato Technical Information B.V. as well as the part of arvato services technical information GmbH, which provides technical documentation services to industrial machine and equipment manufacturers as well as the defense industry. The acquired business employs 35 persons in the Netherlands and Germany. The business operations and personnel were transferred to Etteplan on January 1, 2016. As part of the acquisition, Etteplan and arvato AG have agreed on strategic co-operation.

With this business transfer agreement Etteplan strengthens its position in Central Europe as a service provider in technical documentation and commences business operations in the German market.

The acquisition consideration is EUR 772 thousand in total consisting of cash payments and a contingent consideration. The contingent consideration, EUR 0-500 thousand (undiscounted amount), will be paid in full provided that the revenue created by the acquired business in 2016 reaches the threshold set in the purchase agreement. The fair value of the contingent consideration is estimated by applying the income approach. At the time of acquisition the fair value of the contingent consideration was EUR 50 thousand.

The goodwill of EUR 51 thousand arising from the acquisition is attributable to the knowledge and competence acquired as well as the synergies expected from combining the operations of the Group and the acquired company. None of the goodwill recognized is expected to be deductible for income tax purposes.

Suomen Unit Oy

Etteplan acquired the business operations of Suomen Unit on April 1, 2016. The company's 16 experts became Etteplan's employees from that date. The consideration transferred was EUR 270 thousand. The business transfer has no material effect on the Group.

Acquisitions total

The following table summarizes the consideration paid for the acquisitions and the amounts of assets acquired and liabilities assumed recognized at the time of acquisitions.

Consideration transferred:	(EUR 1,000)
Cash payment:	
Shares in acquiree	13,972
Convertible bond loan including interest	10,494
Part of cash payment paid later	300
Price adjustment agreed with seller	99
Own shares	1,109
Contingent consideration	1,523
Total consideration transferred	27,497
Assets and liabilities	
Tangible assets	681
Intangible assets	252
Customer relationships (intangible assets)	10,682
Inventory	233
Trade and other receivables	8,831
Cash and cash equivalents	2,883
Total assets	23,561
Non-current liabilities	4,550
Current liabilities	6,046
Deferred tax liability	1,833
Total liabilities	12,429
Total identifiable net assets	11,132
Formation of Goodwill:	
Consideration transferred	27,497
Total identifiable net assets	-11,132
Goodwill	16,365

Costs related to acquisitions, EUR 689 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

The revenue included in the consolidated statement of comprehensive income contributed by the acquired companies was EUR 28,515 thousand and profit EUR 2,760 thousand. Had the companies been consolidated from January 1, 2016, the consolidated statement of comprehensive income would show revenue of EUR 191,470 thousand and profit of EUR 7,704 thousand.

TANGIBLE ASSETS

TANGIBLE ASSETS 2016 (EUR 1,000)	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost Jan 1	19	11,760	7,022	832	19,633
Translation difference	0	-125	-33	-2	-160
Acquisition of subsidiaries	0	722	0	0	722
Additions	0	709	691	18	1,418
Reclassifications between items	0	-89	0	0	-89
Disposals	0	-21	-41	-6	-69
Acquisition cost Dec 31	19	12,954	7,639	842	21,454
Cumulative depreciation Jan 1	0	-10,910	-5,832	-713	-17,454
Translation difference	0	114	25	1	140
Cumulative depreciation on acquisitions	0	-38	0	0	-38
Cumulative depreciation on disposals	0	23	41	0	64
Cumulative depreciation on reclassifications	0	150	0	0	150
Depreciation for the financial period	0	-589	-786	-31	-1,406
Cumulative depreciation Dec 31	0	-11,250	-6,551	-743	-18,544
Book value Dec 31, 2016	19	1,705	1,087	98	2,910

TANGIBLE ASSETS 2015 (EUR 1,000)	Land and water	Machinery and equipment	Machinery and equipment, finance lease	Other tangible assets	Total
Acquisition cost Jan 1	19	10,434	6,133	414	17,000
Translation difference	0	105	16	3	124
Acquisition of subsidiaries	0	928	0	378	1,306
Additions	0	286	882	36	1,205
Reclassifications between items	0	8	0	0	8
Disposals	0	0	-9	0	-9
Acquisition cost Dec 31	19	11,760	7,022	832	19,633
Cumulative depreciation Jan 1	0	-9,661	-5,147	-326	-15,134
Translation difference	0	-88	-11	-1	-100
Cumulative depreciation on acquisitions	0	-842	0	-359	-1,200
Cumulative depreciation on disposals	0	0	9	0	9
Cumulative depreciation on reclassifications	0	-7	0	0	-7
Depreciation for the financial period	0	-313	-683	-27	-1,022
Cumulative depreciation Dec 31	0	-10,910	-5,832	-713	-17,454
Book value Dec 31, 2015	19	850	1,191	119	2,179

INTANGIBLE ASSETS

INTANGIBLE ASSETS 2016 (EUR 1,000)	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Goodwill	Total
Acquisition cost Jan 1	11,212	1,799	9,610	2,000	106	42,734	67,461
Translation difference	-48	0	-56	-10	0	-971	-1,085
Acquisition of subsidiaries	189	175	10,682	0	0	0	11,046
Additions	513	393	0	304	73	16,365	17,648
Reclassifications between items	-177	222	0	0	-106	0	-60
Disposals	0	-8	0	-1	0	0	-9
Acquisition cost Dec 31	11,689	2,581	20,237	2,293	73	58,128	95,002
Cumulative amortization Jan 1	-9,485	-1,130	-3,176	-1,519	0	0	-15,311
Translation difference	31	0	21	9	0	0	60
Cumulative amortization on acquisitions	-114	-27	0	0	0	0	-142
Cumulative amortization on reclassifications	-37	0	0	0	0	0	-37
Amortization for the financial period	-768	-322	-1,938	-381	0	0	-3,409
Cumulative amortization Dec 31	-10,374	-1,480	-5,093	-1,891	0	0	-18,839
Book value Dec 31, 2016	1,315	1,101	15,144	402	73	58,128	76,163

INTANGIBLE ASSETS 2015 (EUR 1,000)	Intangible rights	Internally created intangible assets	Other intangible assets	Other intangible assets, finance lease	Advance payments	Goodwill	Total
Acquisition cost Jan 1	8,729	1,588	5,696	1,573	0	38,642	56,228
Translation difference	43	0	45	5	0	642	735
Acquisition of subsidiaries	1,616	0	3,870	0	0	0	5,485
Additions	872	211	0	431	106	3,449	5,070
Reclassifications between items	-48	0	0	0	0	0	-48
Disposals	0	0	0	-9	0	0	-9
Acquisition cost Dec 31	11,212	1,799	9,610	2,000	106	42,734	67,461
Cumulative amortization Jan 1	-7,448	-837	-2,208	-1,216	0	0	-11,710
Translation difference	-32	0	-20	-4	0	0	-57
Cumulative amortization on acquisitions	-1,459	0	0	0	0	0	-1,459
Amortization for the financial period	-546	-293	-947	-299	0	0	-2,085
Cumulative amortization Dec 31	-9,485	-1,130	-3,176	-1,519	0	0	-15,311
Book value Dec 31, 2015	1,727	669	6,435	481	106	42,734	52,151

PLEDGES, MORTGAGES AND GUARANTEES

(EUR 1,000)	31.12.2016	31.12.2015
For own debts		
Business mortgages	320	320
Pledged shares	120	120
Other contingencies	0	104
Leasing liabilities		
For payment under one year	2,195	1,685
For payment 1-5 years	2,486	1,544
Total	5,121	3,773

SEGMENT INFORMATION

The Group has one operating segment, the revenue of which consists mainly of rendering of services. The Group operates mainly in seven geographical areas. The table below presents the division of external revenue and non-current assets by geographical area. The external revenue of each geographical area is presented according to the location of the seller. Non-current assets are presented according to the location of the asset. 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.

(EUR 1,000)	10-12/2016	10-12/2015	1-12/2016	1-12/2015
Revenue				
Finland	37,240	26,466	125,749	89,603
Poland	550	0	1,558	0
Sweden	11,344	11,253	41,778	40,978
China	1,061	915	3,863	3,601
Holland	2,113	1,721	7,960	6,759
USA	210	19	398	202
Germany	620	0	2,631	0
Total	53,137	40,374	183,938	141,143

(EUR 1,000)	30.12.2016	31.12.2015
Non-current assets *		
Finland	46,722	20,535
Poland	103	0
Sweden	23,800	24,950
China	2,575	2,779
Holland	5,336	6,054
USA	0	0
Germany	578	14
Total	79,114	54,330

*Other non-current assets excluding financial instruments, deferred tax assets and assets related to compensation after termination of employment contract.

In 2016 revenue from one individual customer was EUR 18,936 thousand, which is over 10 per cent of the Group's total revenue.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The tables below analyse financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs that are not based on observable market data (that is, unobservable inputs).

Available for sale financial assets recognized at fair value through profit or loss

(EUR 1,000)	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Listed shares	170	0	0	170	177	0	0	177
Premises shares	0	480	0	480	0	480	0	480
Unlisted shares	0	0	30	30	0	0	30	30
Total	170	480	30	680	177	480	30	687

Reconciliation of available for sale financial assets recognized at fair value through profit or loss

(EUR 1,000)	2016				2015			
	Listed shares	Premises shares	Unlisted shares	Total	Listed shares	Premises shares	Unlisted shares	Total
Opening balance at Jan 1	177	480	30	687	134	480	29	642
Gain/loss recognized in other comprehensive income	-7	0	0	-7	43	0	0	43
Additions	0	0	0	0	0	0	2	2
Closing balance Dec 31	170	480	30	680	161	480	30	687

Financial liabilities recognized at fair value through profit or loss

(EUR 1,000)	2016				2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Contingent liability in acquisitions	0	0	1,568	1,568	0	0	0	0
Total	0	0	1,568	1,568	0	0	0	0

Reconciliation of financial liabilities recognized at fair value through profit or loss

(EUR 1,000)	2016		2015	
	Contingent liability in acquisitions	Total	Contingent liability in acquisitions	Total
Opening balance at Jan 1	0	0	434	434
Additions	1,568	1,568	0	0
Gain/loss recognized in income statement	0	0	6	6
Payment	0	0	-440	-440
Closing balance Dec 31	1,568	1,568	0	0

MAJOR SHAREHOLDERS DECEMBER 31, 2016

Name	Number of shares	Proportion of shares and votes, %
Ingman Group Oy Ab	16,500,000	66.61
Oy Fincorp Ab	2,478,055	10.00
Varma Mutual Pension Insurance Company	985,593	3.98
VAS Invest Oy	562,573	2.27
Tuori Klaus	421,200	1.70
Sijoitusrahasto Taaleritehdas Mikro Markka	360,000	1.45
Tuori Aino Mirjami	308,275	1.24
Etteplan Oyj	235,892	0.95
Kempe Anna	200,000	0.81
Kempe Lasse	98,000	0.40
Kempe Pia Pauliina	95,000	0.38
Nordea Bank Finland Plc	89,197	0.36
Euroclear Bank Sa/Nv	68,440	0.28
Kylänpää Osmo Olavi	53,200	0.21
Tapper Teemu Petteri	48,503	0.20
Vesterinen Atso Ilmari	48,502	0.20
Kurra Jorma Juhani	43,751	0.18
Ingman Robert	40,000	0.16
Burmeister Dorrit Elisabeth	32,313	0.13
Skandinaviska Enskilda Banken AB	31,306	0.13
Other shareholders	2,071,692	8.36
Total	24,771,492	100.00
Nominee-registered shares	231,402	0.93

FORMULAS FOR KEY FIGURES

Organic growth

$$\frac{(\text{Revenue current period} - \text{revenue comparison period} - \text{revenue from acquiree current period}) \times 100}{\text{Revenue comparison period}}$$

EBIT from business operations

Operating profit (EBIT) + amortization on PPA allocations +/- earn out revaluation items

Return on equity (ROE)

$$\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes}) \times 100}{(\text{Shareholders' equity} + \text{minority interest}) \text{ average}}$$

Return on capital employed (ROCE), before taxes

$$\frac{(\text{Profit before taxes and non-controlling interest} + \text{interest and other financial expenses}) \times 100}{(\text{Balance sheet total} - \text{non-interest bearing debts}) \text{ average}}$$

Equity ratio, %

$$\frac{(\text{Shareholders' equity} + \text{non-controlling interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$$

Net gearing, %

$$\frac{(\text{Interest-bearing debts} - \text{cash and cash equivalents and marketable securities}) \times 100}{\text{Shareholders' equity} + \text{non-controlling interest}}$$

Earnings per share

$$\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes} - \text{non-controlling interest})}{\text{Adjusted average number of shares during the financial year}}$$

Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial year}}$$