

Etteplan Q2 2024: Market situation weakened further

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Highlights Q2 2024

- + Despite the uncertain operating environment revenue increased slightly, supported by acquisitions.
- + Operating cash flow improved slightly and was at a good level.
- + We continued to develop our offering and implemented service solutions utilizing AI for our customers in Technical Communication Solutions service area.
- + We continued to invest in growth by acquiring Swedish AFFRA AB and a minority stake in BJIT.
- + We won several outsourcing contracts and gained new customers outside our own market areas, e.g. strategic partnership with Japanese Konoike.

- Customers' decision-making was slow, and the demand situation weakened further in certain customer industries.
- Organically revenue decreased.
- Profitability decreased in the difficult demand situation.

Etteplan invested in Bangladesh's largest IT consulting firm BJIT

- Etteplan acquired a 19.99% minority stake in Bangladesh's largest software and IT consulting company BJIT.
- The strategic partnership provides access into a new pool of highly cost-efficient expertise.
- Initially BJIT provides us with a flexible option to support our customers' software development, digitalization and digital product data management.
- In the future Etteplan will widen the collaboration with BJIT to all service areas.
- The unfortunate disorder in Bangladesh has only a minor impact on starting our co-operation with BJIT.



Operating environment in Q2 2024

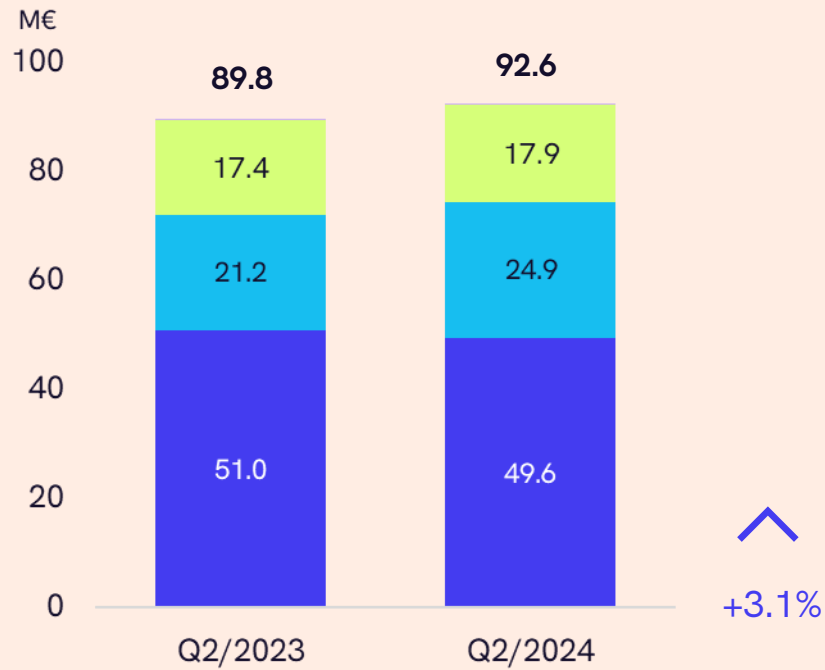
- Geopolitical tensions are maintaining uncertainty globally.
- Interest rates decreasing slower than expected and our customers' generally declining order backlogs affected our customers' willingness to invest, which further weakened the demand situation in certain customer industries.
- Investments related to the defense industry, energy efficiency and green transition have remained at a good level.

Development in main markets

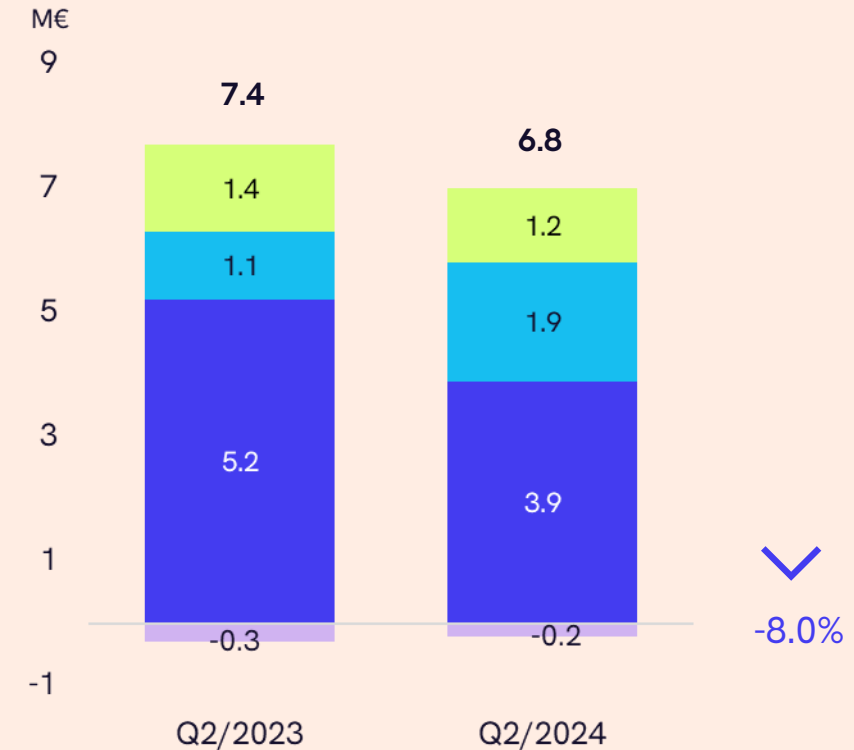
- Uncertainty and interest rates decreasing slower than expected have affected demand in our operating countries in Europe.
- Decreasing interest rates have not yet improved the demand situation, but we expect that the decrease in interest rates will accelerate investments towards the end of the year.
- Geopolitical tensions have also increased uncertainty in China, and western investments are at a low level, which affects Etteplan's demand. However, China's internal market is developing positively.

Revenue and operating profit (EBITA) Q2 2024

Group revenue

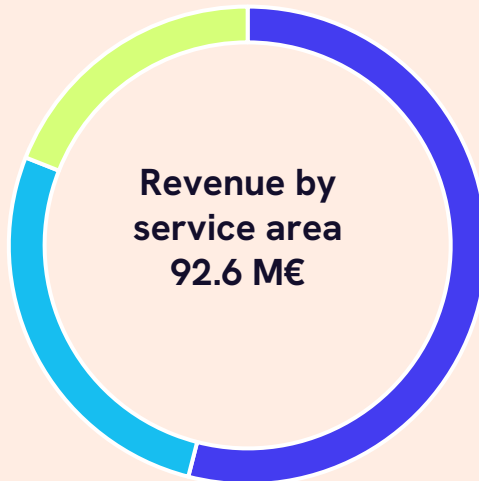


Operating profit (EBITA)

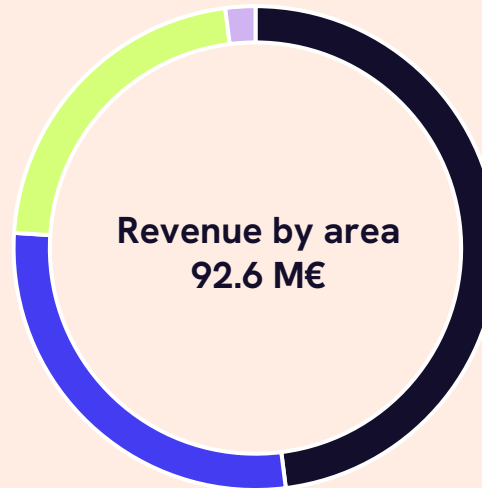


■ Engineering Solutions ■ Software and Embedded Solutions ■ Technical Communication Solutions ■ Group

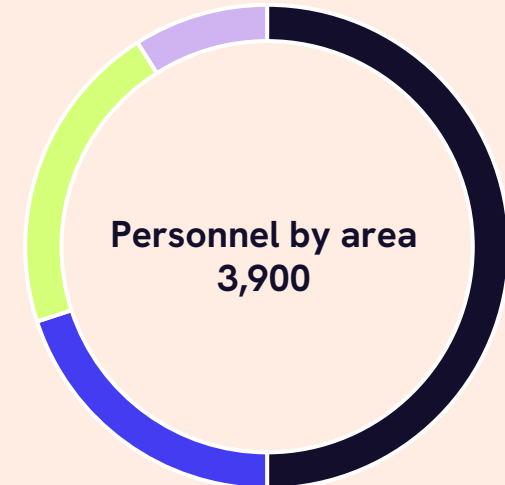
Revenue and personnel Q2 2024



- Engineering Solutions 54% (56%)
- Software and Embedded Solutions 27% (24%)
- Technical Communication Solutions 19% (20%)

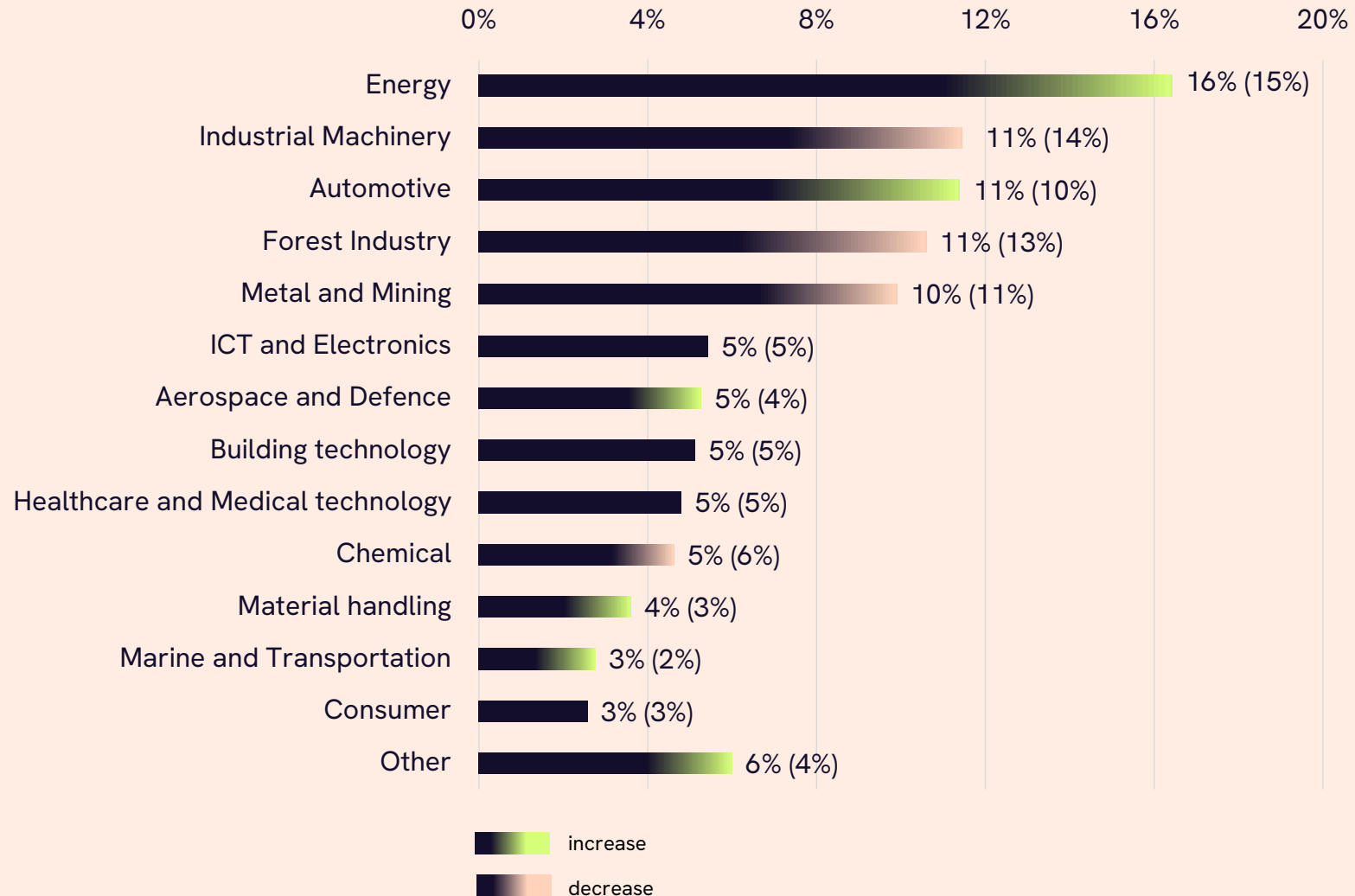


- Finland 48% (52%)
- Scandinavia 28% (24%)
- Central Europe 22% (21%)
- China 2% (3%)



- Finland 50% (51%)
- Scandinavia 20% (18%)
- Central Europe 21% (21%)
- China 9% (10%)

Revenue by customer segment 2024



Financial development Q2 2024



Key Figures

M€	4-6/2024	4-6/2023	Change %	1-6/2024	1-6/2023	Change %	1-12/2023
Revenue	92.6	89.8	3.1	189.7	184.8	2.7	360.0
Revenue from outside Finland	48.4	42.6	13.7	99.2	89.0	11.5	177.6
Operating profit (EBITA)	6.8	7.4	-8.0	15.0	15.0	0.1	30.9
EBITA, %	7.4	8.3		7.9	8.1		8.6
Operating profit (EBIT)	5.3	6.1	-12.7	12.0	12.4	-2.8	25.5
EBIT, %	5.8	6.8		6.3	6.7		7.1
Basic earnings per share, EUR	0.13	0.15	-13.3	0.29	0.32	-9.4	0.66
Operating cash flow	9.0	8.9	0.6	17.0	16.1	5.8	35.6
Managed Services Index	64	67	-4.5	64	66	-3.0	68
Personnel at end of the period	3,900	3,942	-1.1	3,900	3,942	-1.1	3,902

Revenue

Q2 2024

92.6 M€ (89.8) +3.1%

At comparable exchange rates +3.2%

Organic -3.3%

At comparable exchange rates -3.2%

1-6 2024

189.7 M€ (184.8) +2.7%

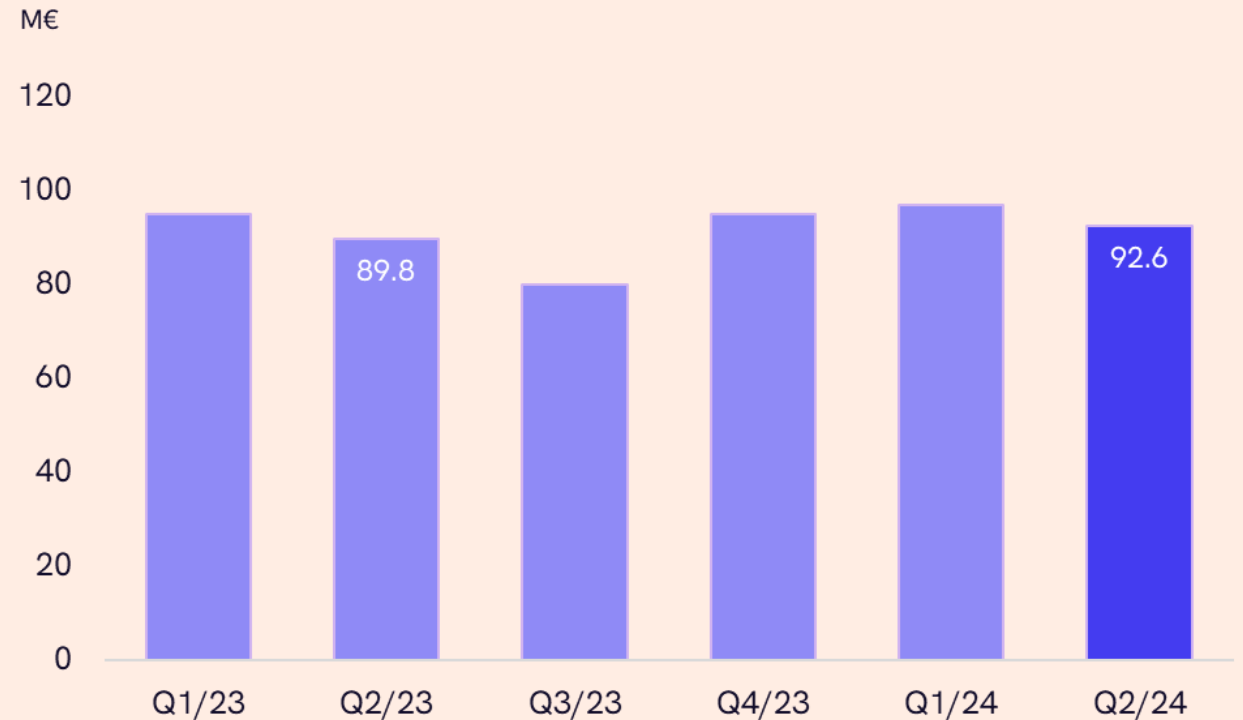
At comparable exchange rates +2.6%

Organic -3.6%

At comparable exchange rates -3.7%

Revenue from key accounts decreased by 6.9% in Q2.

- Customers' decision-making was slow, and the demand situation weakened further in certain customer industries as order backlogs declined.
- Outsourcing agreements and acquisitions supported revenue growth.



EBITA

Q2 2024

6.8 M€, 7.4% (7.4 M€, 8.3%) **-8.0%**

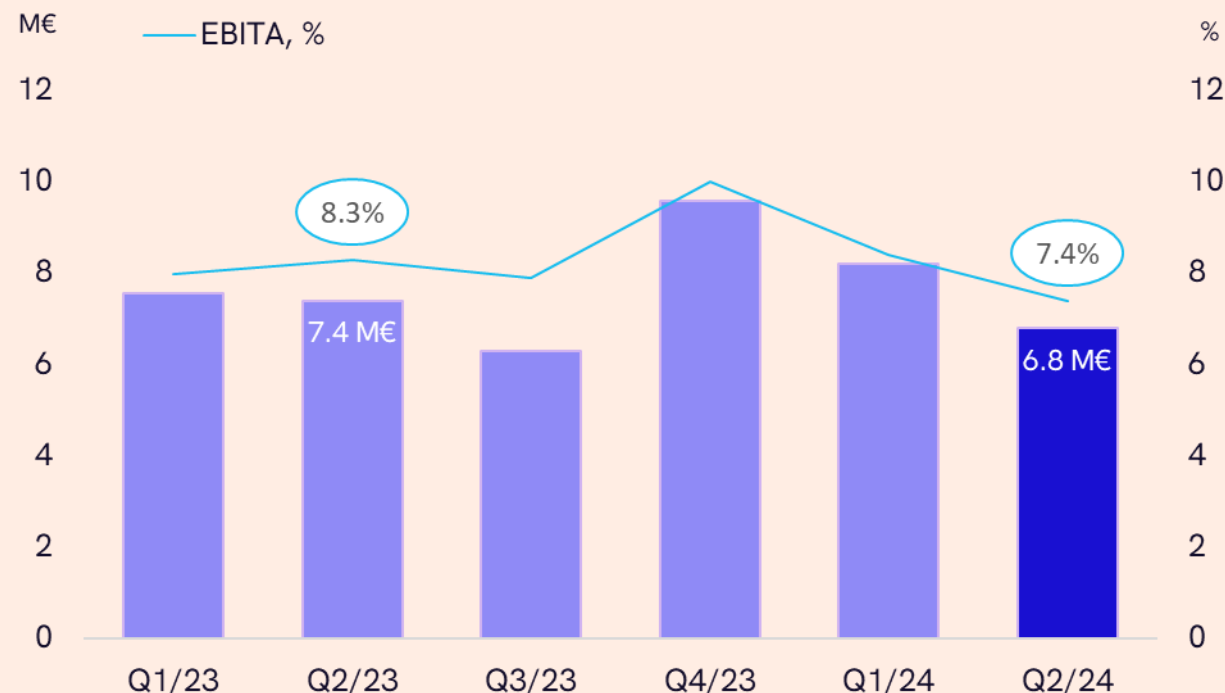
Non-recurring -0.4 M€ (-0.4)

1-6 2024

15.0 M€, 7.9% (15.0 M€, 8.1%) **+0.1%**

Non-recurring -0.7 M€ (-1.3)

- Operational efficiency was affected by difficult demand situation.
- We implemented adaptation measures in all our service areas to improve operational efficiency and profitability in the coming quarters.



EBIT

Q2 2024

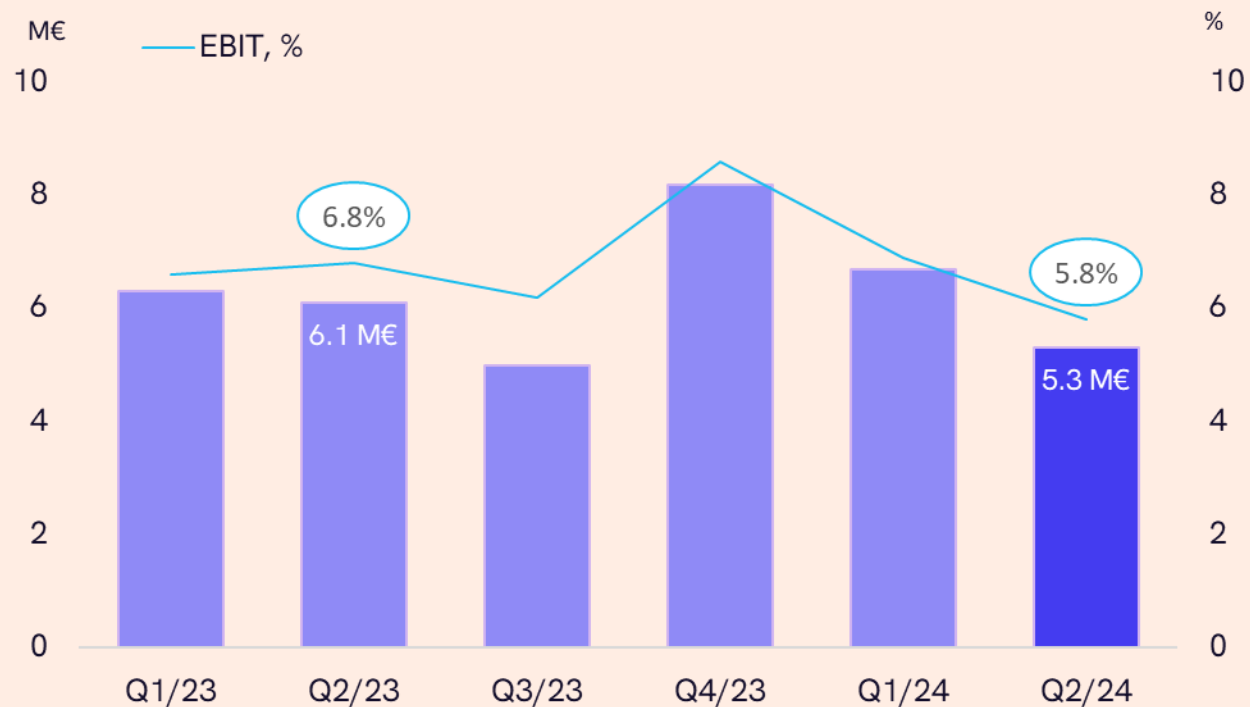
5.3 M€, 5.8% (6.1 M€, 6.8%) **-12.7%**

Amortization related to acquisitions 1.5 M€ (1.3)

1-6 2024

12.0 M€, 6.3% (12.4 M€, 6.7%) **-2.8%**

Amortization related to acquisitions 3.0 M€ (2.6)



Earnings per share and dividend

Earnings per share

Q2 2024: 0.13 € (0.15) -13.3%

1-6 2024: 0.29 € (0.32) -9.4%

- Earnings per share was impacted by higher financial expenses.



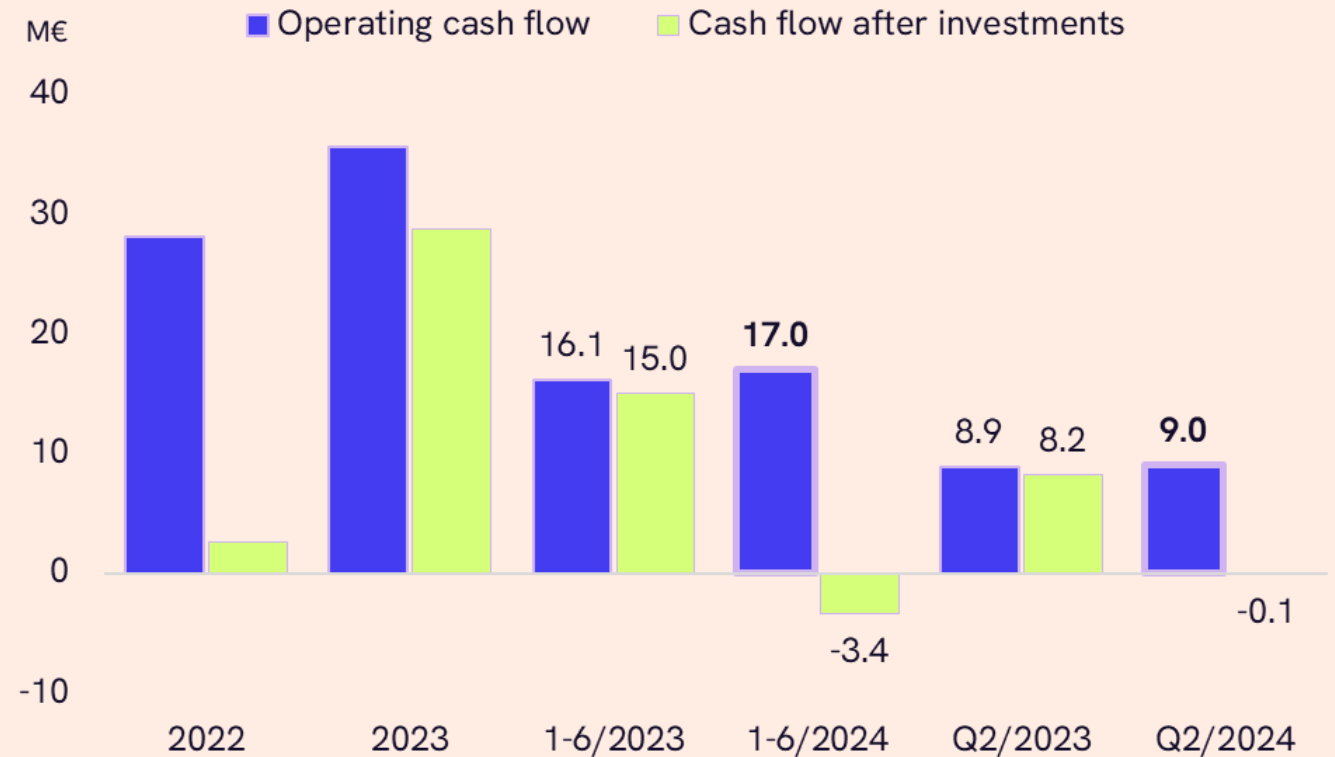
Cash flow

Operating cash flow

Q2 2024: 9.0 M€ (8.9)

1-6 2024: 17.0 M€ (16.1)

- Operating cash flow improved slightly and was at a good level.



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

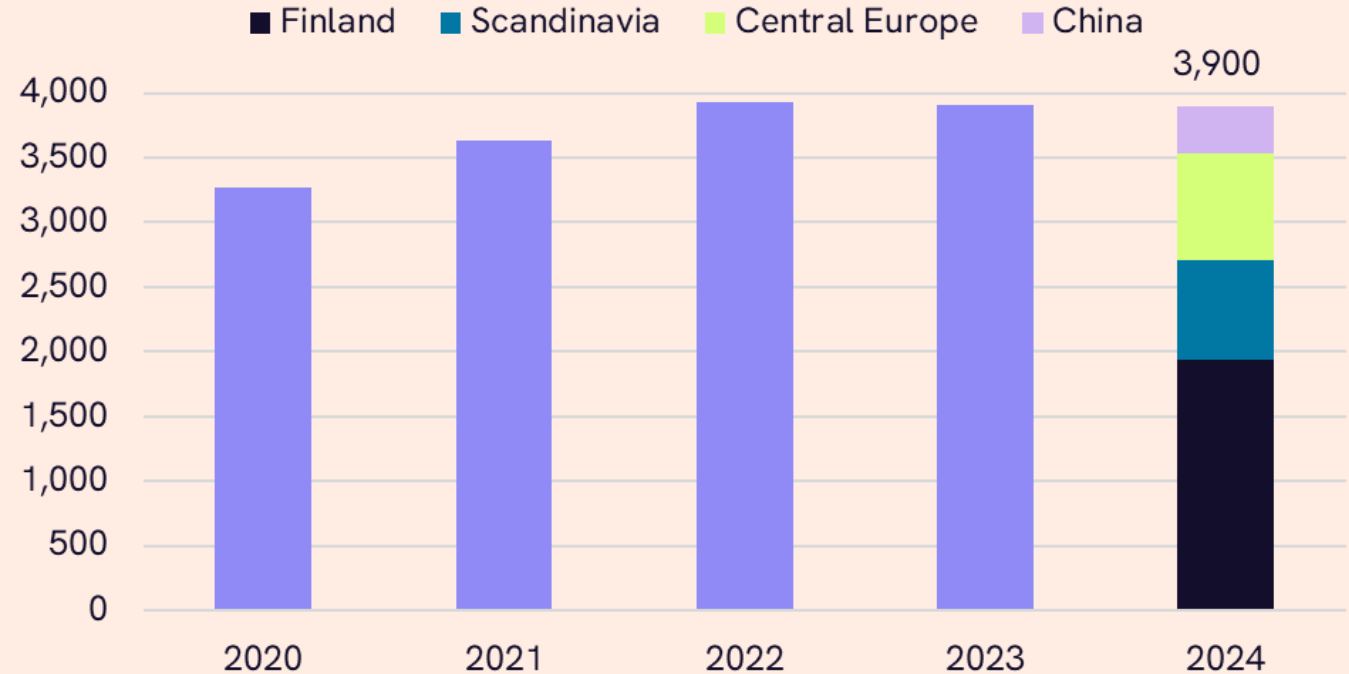
Personnel

At the end of the period 3,900 (3,942)
Average 3,868 (3,949)

Compared to the end of June 2023, the number of personnel decreased by 1.1%.

At the end of the review period, 1,963 (June 30, 2023: 1,938) people were employed by the Group outside of Finland.

- Recruitment has been slowed down due to uncertain market situation.
- Temporary lay offs in Finland totaled 111 at the end of the review period.



A person with long hair, wearing a blue jacket and black pants, is sitting on a wide set of grey stone steps. They are looking down at a laptop computer held on their lap. The steps lead up to a modern building with a large glass facade that reflects the sky. The building has a brick-like texture on the upper levels. The scene is set during the day, with soft lighting.

Service areas Q2 2024

Engineering Solutions

Q2 2024

Revenue **49.6 M€** (51.0) **-2.7%**

Revenue from Managed Services **65%** (66%)

EBITA **3.9 M€**, **7.9%** (5.2 M€, 10.3%)

1-6 2024

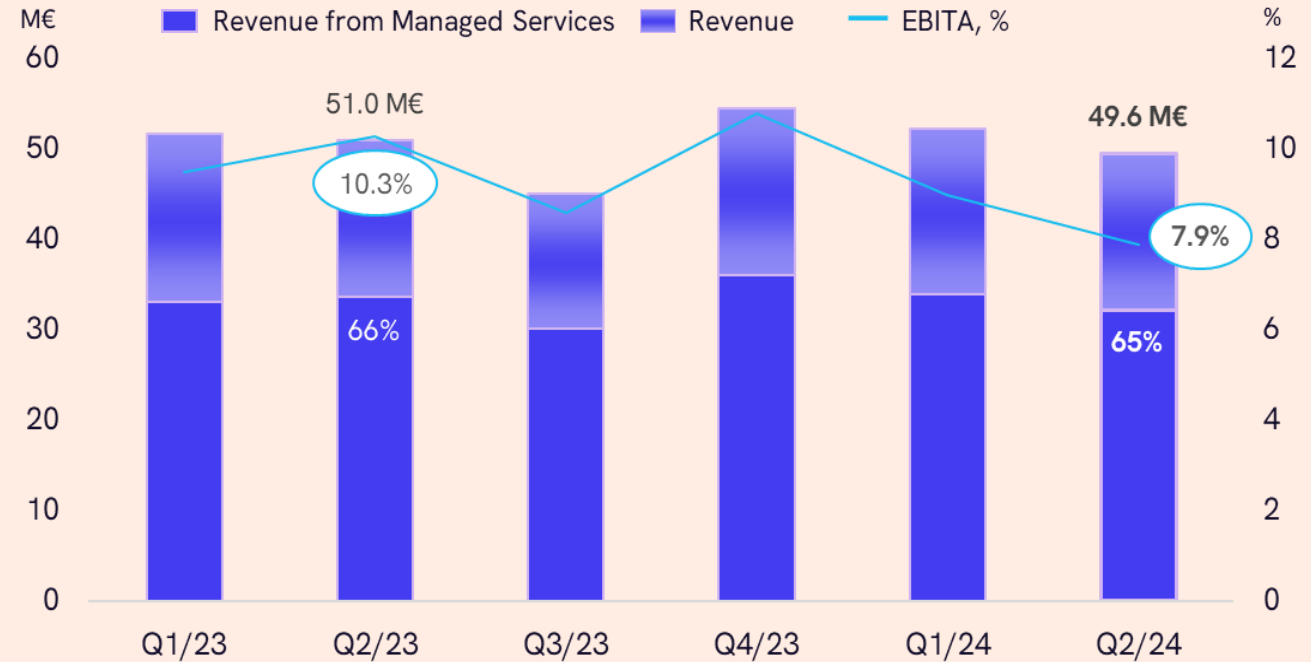
Revenue **101.9 M€** (102.7) **-0.8%**

Revenue from Managed Services **65%** (65%)

EBITA **8.6 M€**, **8.5%** (10.2 M€, 9.9%)

Personnel **2,164** (2,177) at the end of the period

- Customers' decision-making on new investments was still slow and the demand for customers' delivery related project engineering weakened further, and we had to implement additional adaptation measures.
- Outsourcing agreements will have a positive impact on our business later in the year.
- Operational efficiency was at a moderate level, and the service area's result was modest.



Software and Embedded Solutions

Q2 2024

Revenue **24.9 M€** (21.2) **+17.4%**

Revenue from Managed Services **47%** (54%)

EBITA **1.9 M€**, **7.6%** (1.1 M€, 5.3%)

1-6 2024

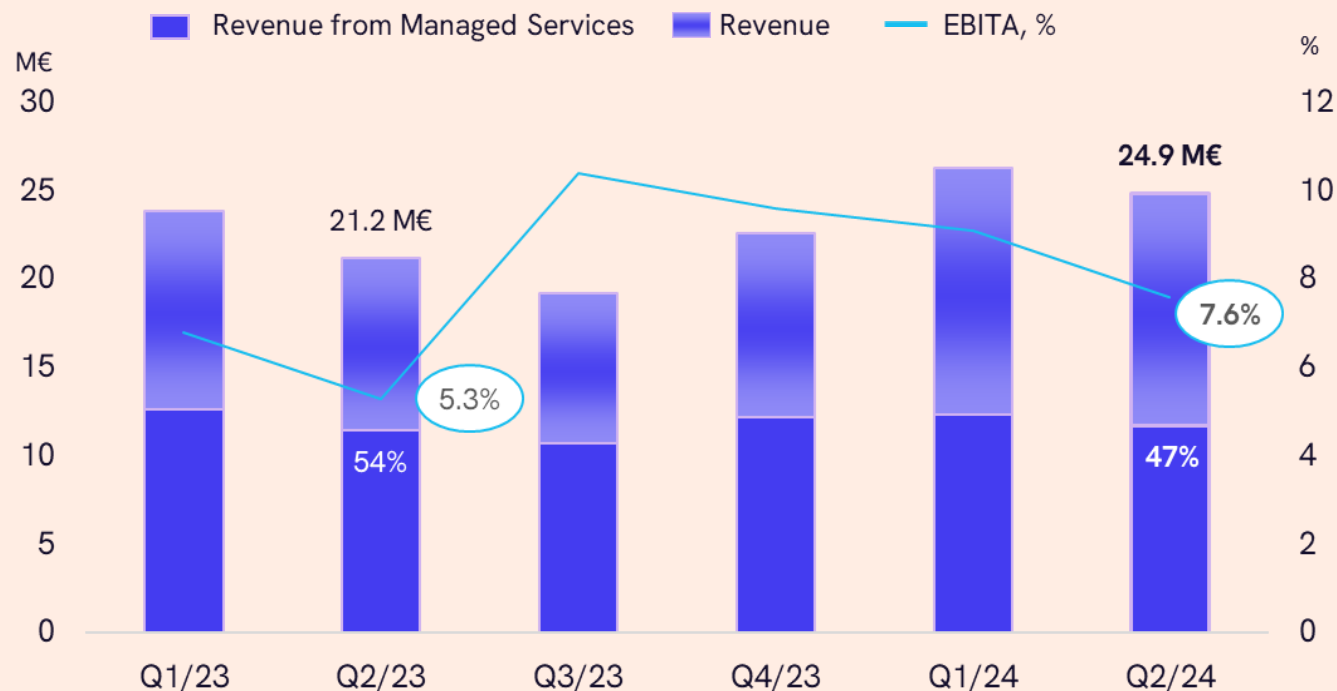
Revenue **51.2 M€** (45.1) **+13.5%**

Revenue from Managed Services **47%** (53%)

EBITA **4.3 M€**, **8.3%** (2.8 M€, 6.1%)

Personnel **720** (729) at the end of the period

- Customers' decision-making was slow and the demand situation in the service area remained weak.
- We implemented adaptation measures, which slightly improved operational efficiency, but the service area's profitability was at a modest level.



Technical Communication Solutions

Q2 2024

Revenue **17.9 M€** (17.4) **+2.9%**

Revenue from Managed Services **87%** (89%)

EBITA **1.2 M€**, **6.9%** (1.4 M€, 8.1%)

1-6 2024

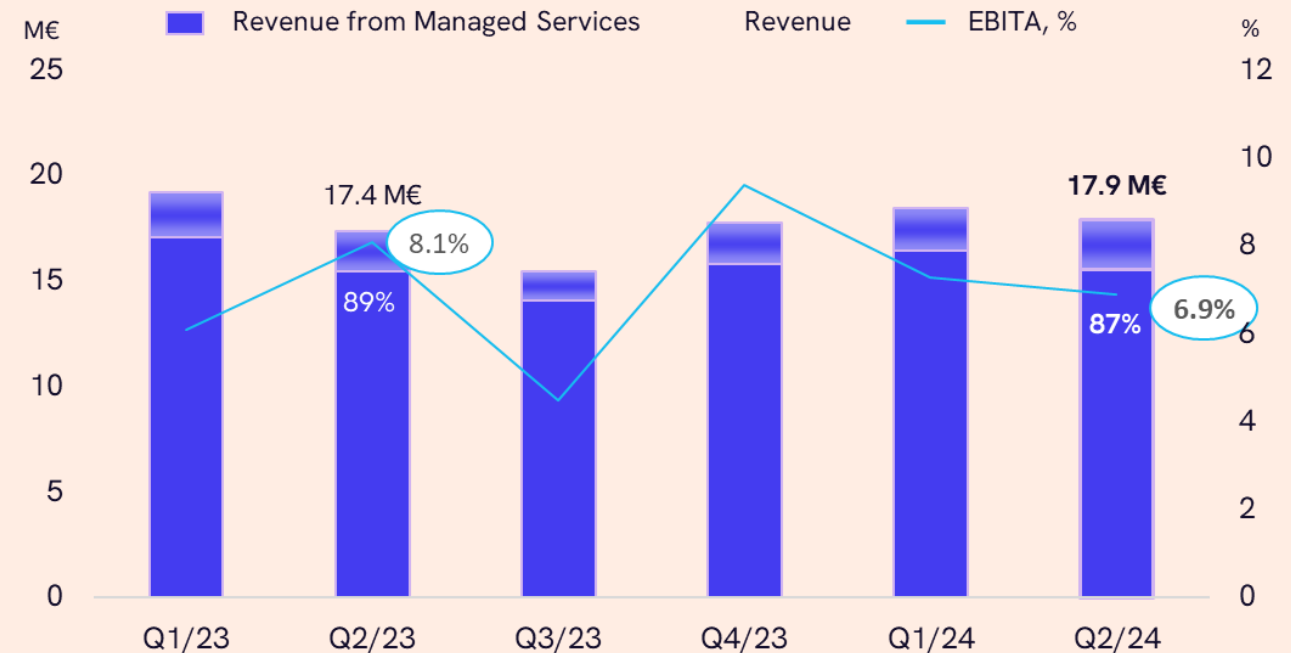
Revenue **36.4 M€** (36.6) **-0.6%**

Revenue from Managed Services **88%** (89%)

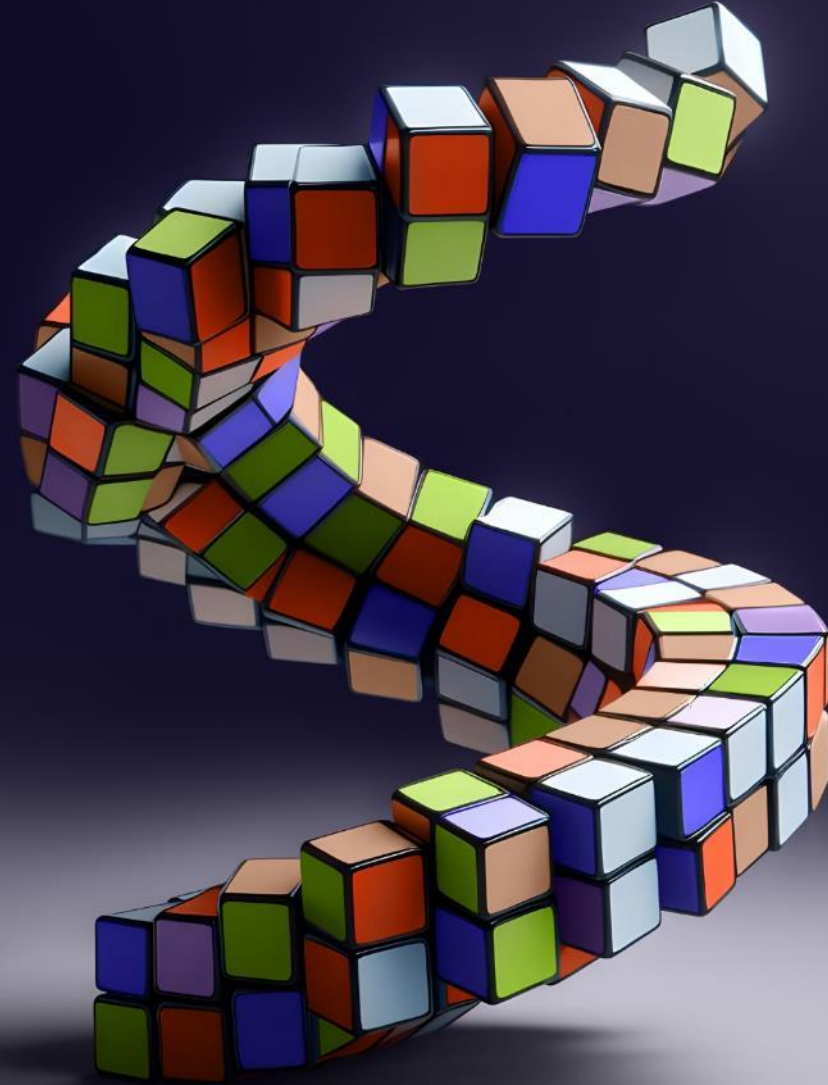
EBITA **2.6 M€**, **7.1%** (2.6 M€, 7.0%)

Personnel **848** (872) at the end of the period

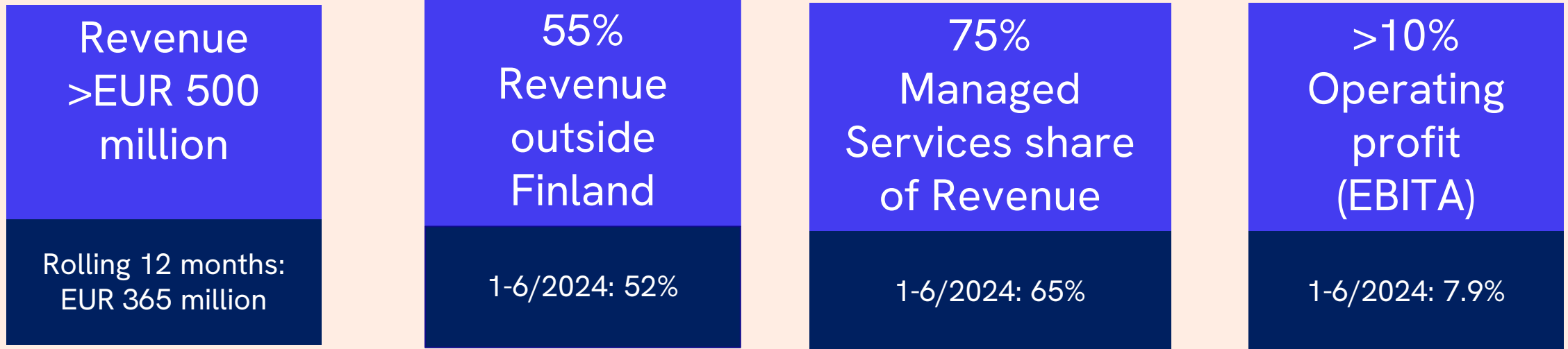
- Service area's demand situation was weak as customer order backlogs declined.
- We took measures to improve operational efficiency and profitability, which were at a modest level.
- We continued to develop AI solutions as part of our service offering and implemented first AI projects for customers including Valmet and Kuopion Energia.



Etteplan's targets and financial guidance for 2024



Financial targets 2024



Financial guidance

2024

Etteplan specifies its guidance for revenue and operating profit (EBIT) within the previously communicated range and issues the following estimate:

Revenue in 2024 is estimated to be EUR 375-390 (previously 375-415, 2023: 360.0) million.

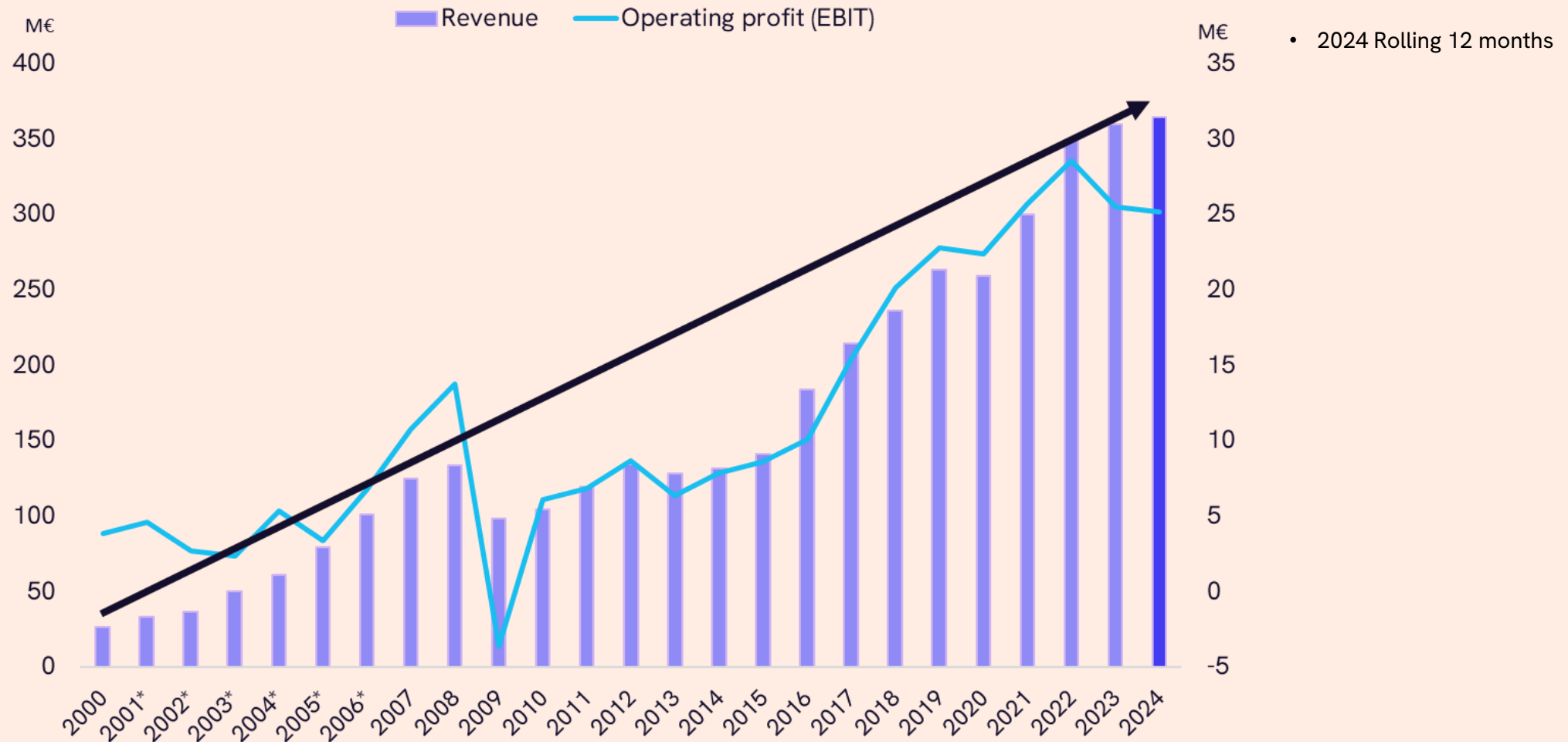
Operating profit (EBIT) in 2024 is estimated to be EUR 28-30 (previously 28-34, 2023: EUR 25.5) million.

Market outlook

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The uncertainty caused by geopolitical tensions, interest rates decreasing slower than expected and our customers' generally declining order backlogs are affecting our customers' willingness to invest and keeping the demand situation at a low level in certain customer industries. Investments related to the defense industry, energy efficiency and accelerating the green transition are still at a good level. Decreasing interest rates have not yet had an impact on demand, but we expect that the decrease in interest rates will accelerate investments towards the end of the year. We also expect the demand situation to improve to a good level during the latter part of the year.

Questions?

Revenue and EBIT 2000-2024



*Includes continued and discontinued operations

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