



**Q2/2019:
Growth continued
and profitability
exceeded the
target level**

January-June 2019
Half Year Financial Review

President and CEO
Juha Näkki
August 13, 2019

Contents of the presentation

- Highlights of Q2/2019
- Financial development Q2/2019
- Etteplan's targets



Highlights of Q2/2019

Highlights 4-6/2019

- + EBITA-% exceeded our target and was 10.1%.
 - + The share of Managed Services of revenue grew and boosted profitability.
 - + Engineering Solutions service area's performance was excellent.
 - + Operating cash flow was strong.
 - + Revenue grew by 4.1% with comparable exchange rates.
 - + We accelerated our growth and strengthened our position as an international operator in the engineering services market through two acquisitions.
- Challenges in Germany continued to burden our profitability.
 - Demand in China slowed down.

Boosting growth and strengthening market position through two acquisitions

- **Devex Mekatronik AB, Sweden**

- Specializes in mechanical and electrical engineering, software development, embedded systems and life science.
- Strengthens our foothold in Sweden.
 - Acquired June 12, 2019, included in Etteplan's numbers from June 1, 2019
 - Revenue 2018: EUR 9.2 million
 - Number of personnel: 120
 - Operations in Stockholm, Uppsala, Linköping, Karlstad, Lund and Sundsvall.



- **EMP Engineering Alliance, Germany**

- Specializes in industrial automation and process engineering.
- Expands our operations in Germany into engineering services.
 - Acquired July 4, 2019, included in Etteplan's numbers from July 1, 2019.
 - Revenue 2018: EUR 16.8 million
 - Number of personnel: >130
 - Operations in Leverkusen, Berlin, Bottrop and Frankfurt.



Development of the operating environment

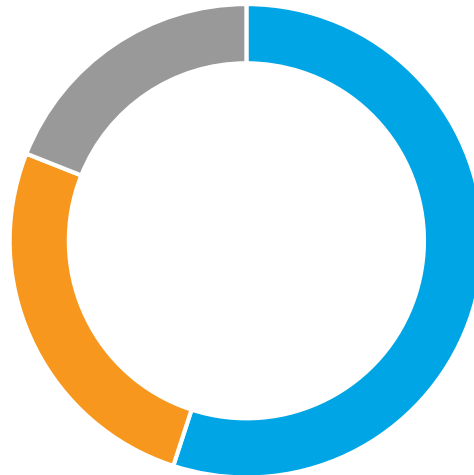
- Overall our operating environment continued to develop positively.
 - Demand growth slowed down slightly, but demand remained good.
 - Uncertainty in the markets continued due to the prevailing political situation.
- There were no significant changes in the demand for our services by customer industry.
 - Customer-specific differences increased and were again considerable.
- Companies are directing investments to digitalization-related services.
- Outsourcing and centralizing services purchasing trends continue.
- Competition for employees in the good market situation and the limited availability of specialized experts in certain areas are affecting the development of the sector as a whole in all market areas.

Market development in Etteplan's main markets in January- June 2019

- Finland: the general market demand remained good, but demand growth has slowed down slightly.
- Sweden: market demand was at a good level.
- Germany, the Netherlands and Poland: the demand remained at a good level.
- China: Demand weakened due to the prevailing political situation. The opening up of the service market continued, however.

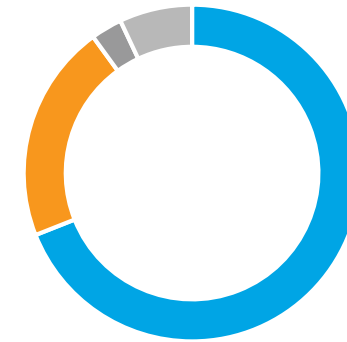
Revenue and personnel 1-6/2019

Revenue by service area



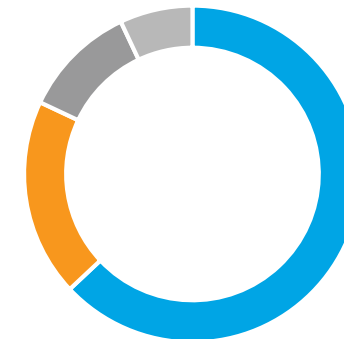
- Engineering solutions 55% (56%)
- Software and embedded solutions 26% (25%)
- Technical documentation solutions 19% (19%)

Revenue by country



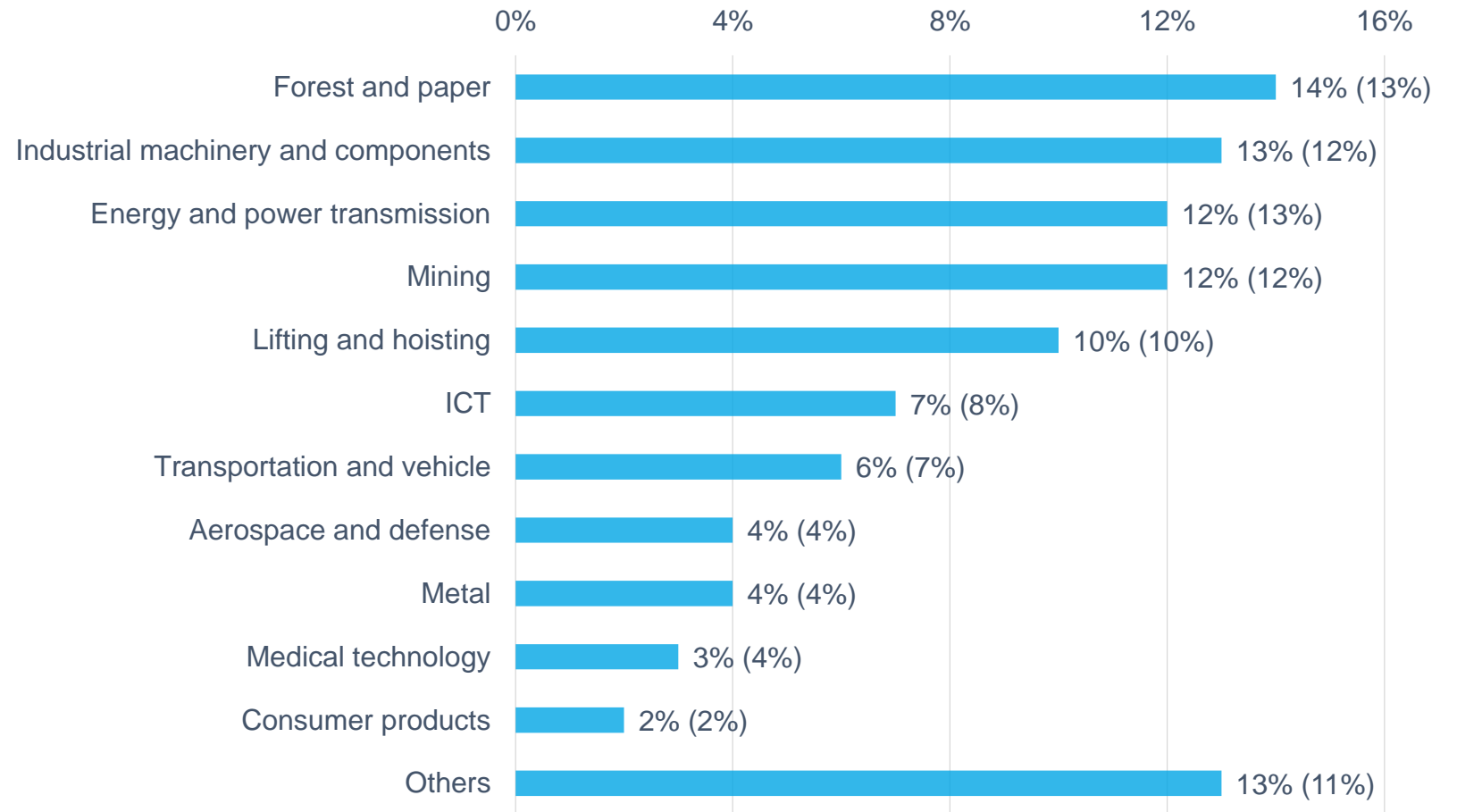
- Finland 69% (68%)
- Sweden 21% (22%)
- China 3% (3%)
- Central Europe 7% (7%)

Personnel by country (end of period)



- Finland 63% (66%)
- Sweden 19% (16%)
- China 11% (11%)
- Central Europe 7% (7%)

Revenue by customer segment 1-6/2019



Key figures 4-6/2019

(EUR 1,000)	4-6/2019	4-6/2018	Change %
Revenue	64,329	62,031	3.7
Operating profit (EBITA)	6,483	6,246	3.8
EBITA, %	10.1	10.1	
Operating profit (EBIT)	5,801	5,653	2.6
EBIT, %	9.0	9.1	
Basic earnings per share, EUR	0.18	0.18	0.0
Equity ratio, %	40.1	38.5	
Operating cash flow	8,796	4,469	96.8
ROCE, %	22.2	24.4	
Managed Services Index	59	55	7.3
Personnel at end of the period	3,301	3,051	8.2

Key figures 1-6/2019

(EUR 1,000)	1-6/2019	1-6/2018	Change %
Revenue	129,954	120,995	7.4
Operating profit (EBITA)	12,907	11,134	15.9
EBITA, %	9.9	9.2	
Operating profit (EBIT)	11,572	10,068	14.9
EBIT, %	8.9	8.3	
Basic earnings per share, EUR	0.35	0.31	12.9
Equity ratio, %	40.1	38.5	
Operating cash flow	14,217	7,747	
ROCE, %	22.1	22.1	
Managed Services Index	59	54	9.3
Personnel at end of the period	3,301	3,051	8.2

Market outlook 2019

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Overall our business environment continues to develop favorably, but the prevailing political situation increases uncertainty and affects demand. In Europe, demand growth is expected to slow down. In Asia, the opening up of the service markets is expected to continue, but growth is expected to slow down.

Financial guidance 2019, updated on August 13, 2019

We expect the revenue and operating profit (EBIT) for the year 2019 to grow significantly compared to 2018.

Financial guidance 2019, updated on May 8, 2019

We expect the revenue and operating profit (EBIT) for the year 2019 to grow clearly compared to 2018.

Financial development Q2/2019

Revenue

4-6/2019: 64.3 M€ (62.0 M€)

Growth 3.7%

With comparable exchange rates 4.1%

Organic growth 1.2%

With comparable exchange rates 1.6%

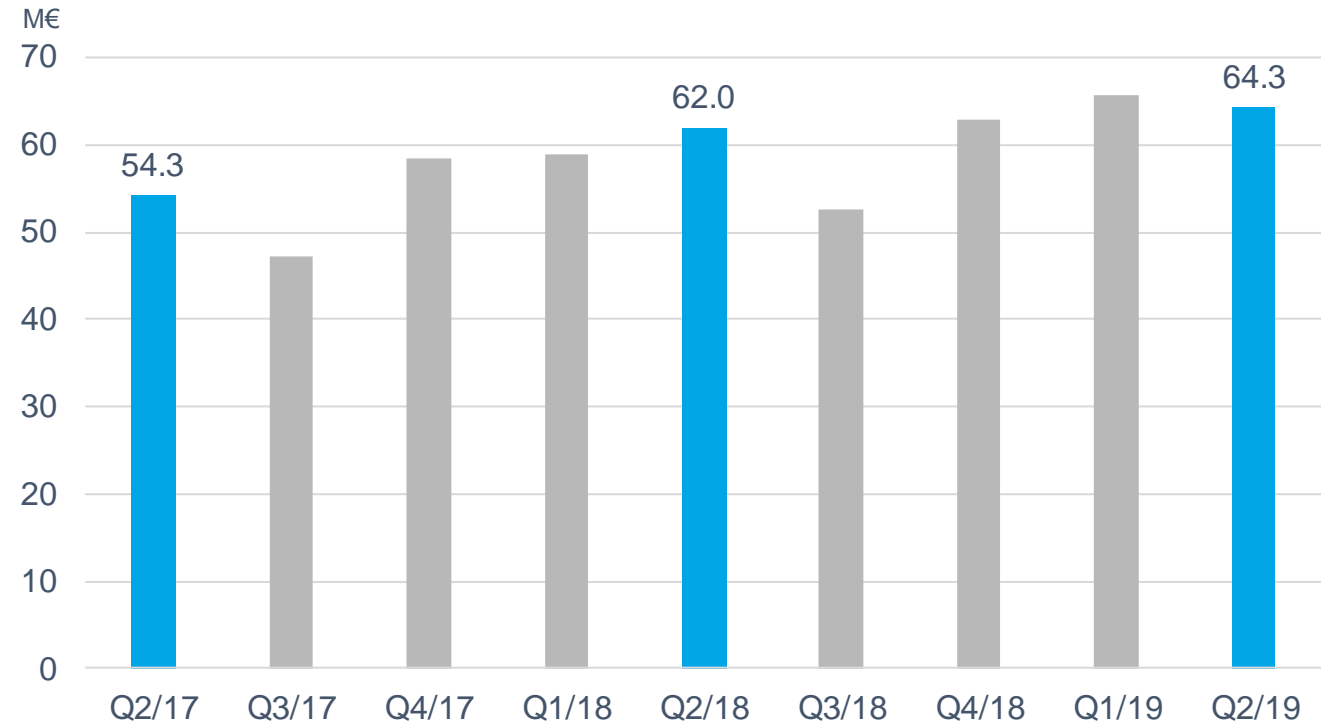
1-6/2019: 130.0 M€ (121.0 M€)

Growth 7.4%

With comparable exchange rates 8.1%

Organic growth 4.0%

With comparable exchange rates 4.7%



- 1-6/2019: Revenue from key accounts grew by 6.4%.
- Growth slowed down but demand was generally on a good level.
- Revenue was reduced by Easter holidays falling entirely in the second quarter.
- Etteplan boosted growth by two acquisitions in June and July.

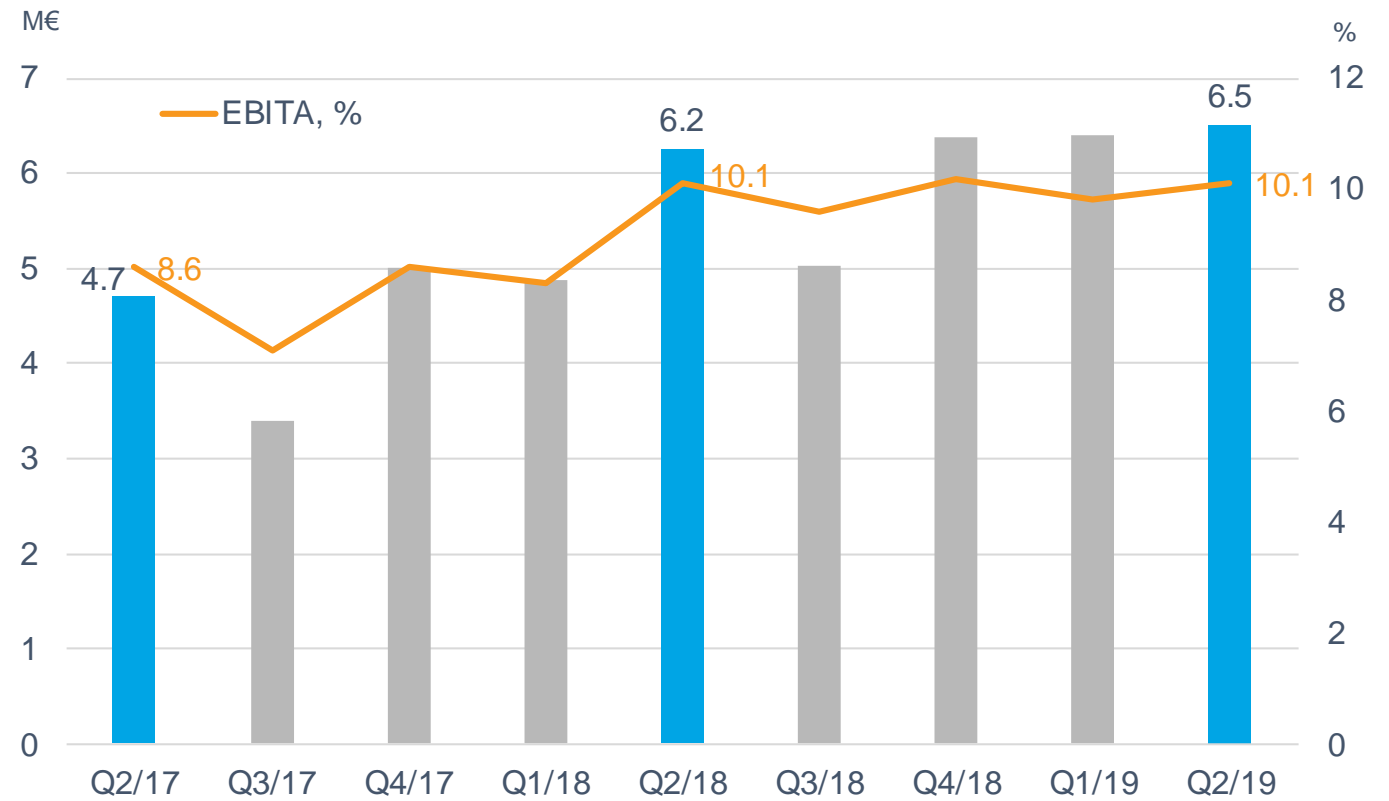
Operating profit (EBITA)

4-6/2019: 6.5 M€, 10.1%
(6.2 M€, 10.1%)

Non-recurring items 0.0 (-0.1) M€

1-6/2019: 12.9 M€, 9.9%
(11.1 M€, 9.2%)

Non-recurring items -0.2 (-0.3) M€



- Good operative efficiency continued in all service areas and profitability exceeded our target level.

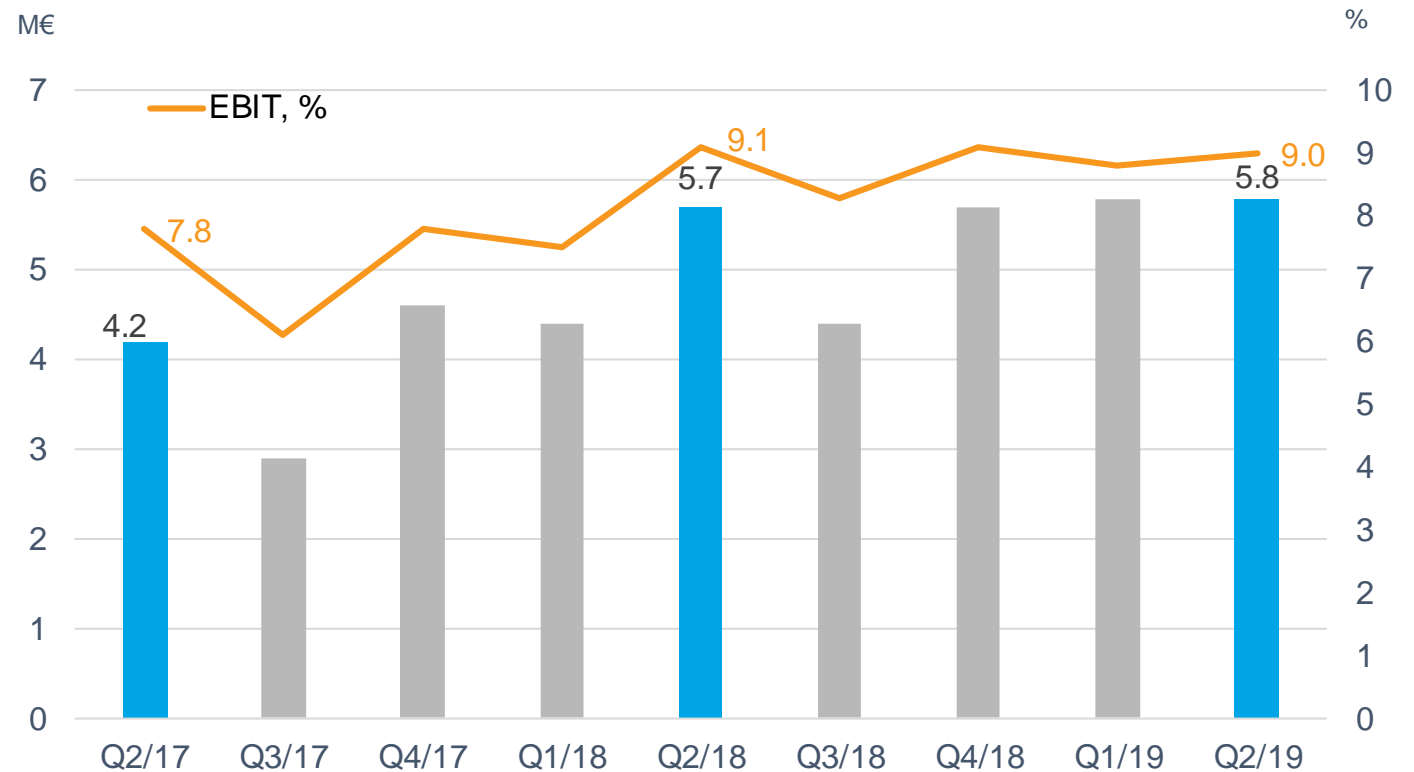
Operating profit (EBIT)

4-6/2019: 5.8 M€, 9.0%
(5.7 M€, 9.1%)

Non-recurring items 0.0 (-0.1) M€

1-6/2019: 11.6 M€, 8.9%
(10.1 M€, 8.3%)

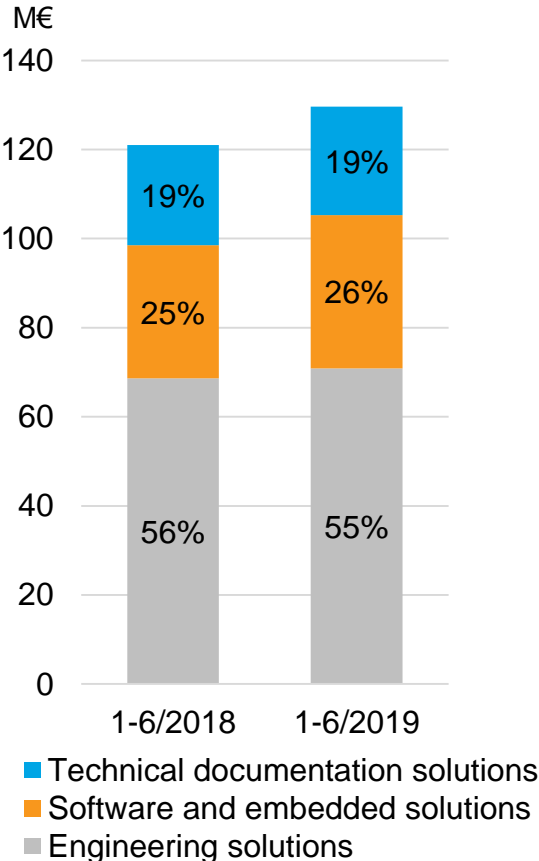
Non-recurring items -0.2 (-0.3) M€



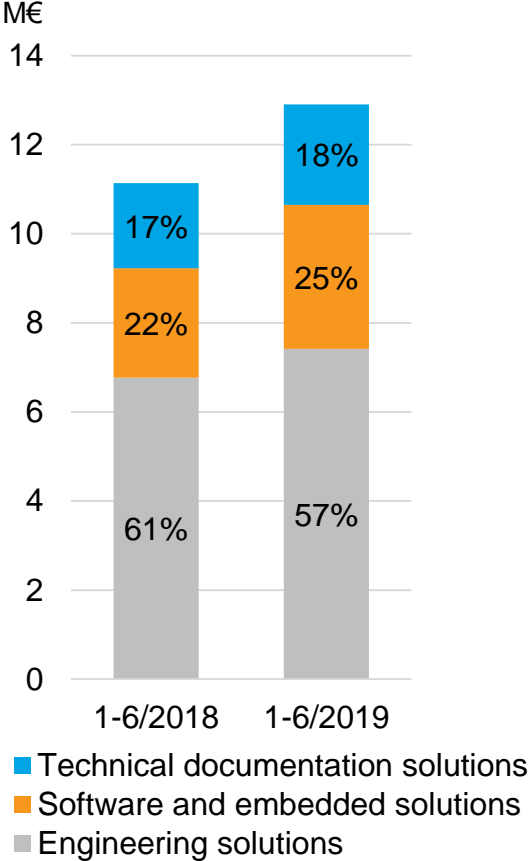
- Amortization related to acquisitions were EUR 0.7 million in 4-6/2019 and EUR 1.3 million in 1-6/2019.

Development by service area

Revenue



Operating profit (EBITA)



Engineering Solutions

Revenue

4-6/2019: 35.3 M€ (35.0 M€)
Growth 0.8%

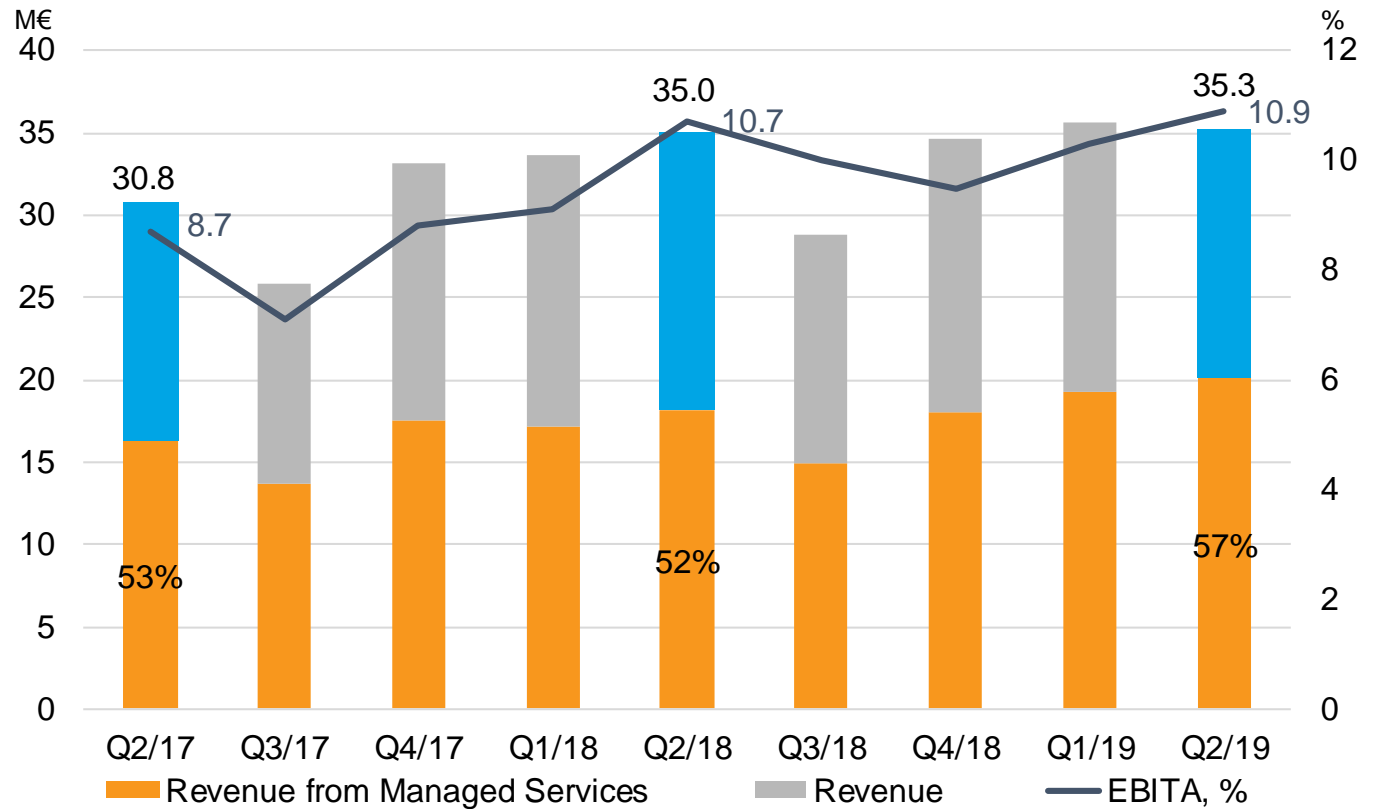
1-6/2019: 70.9 M€ (68.6 M€)
Growth 3.3%

Operating profit (EBITA)

4-6/2019: 3.8 M€, 10.9%
(3.7 M€, 10.7%)

1-6/2019: 7.5 M€, 10.6%
(6.8 M€, 9.9%)

Personnel Jun 30, 2019: 1,871
(1,731)



- Good development continued despite a slight slowing down of demand growth.
- Profitability was at all time high due to excellent operational efficiency and successful projects.
- Uncertainty caused by the prevailing political situation affected our business in China.
- Etteplan strengthened its Engineering Solutions through acquisition in Sweden and after the review period in Germany.

Software and Embedded Solutions

Revenue

4-6/2019: 17.1 M€ (15.8 M€)

Growth 8.5%

1-6/2019: 34.4 M€ (29.9 M€)

Growth 15.3%

Operating profit (EBITA)

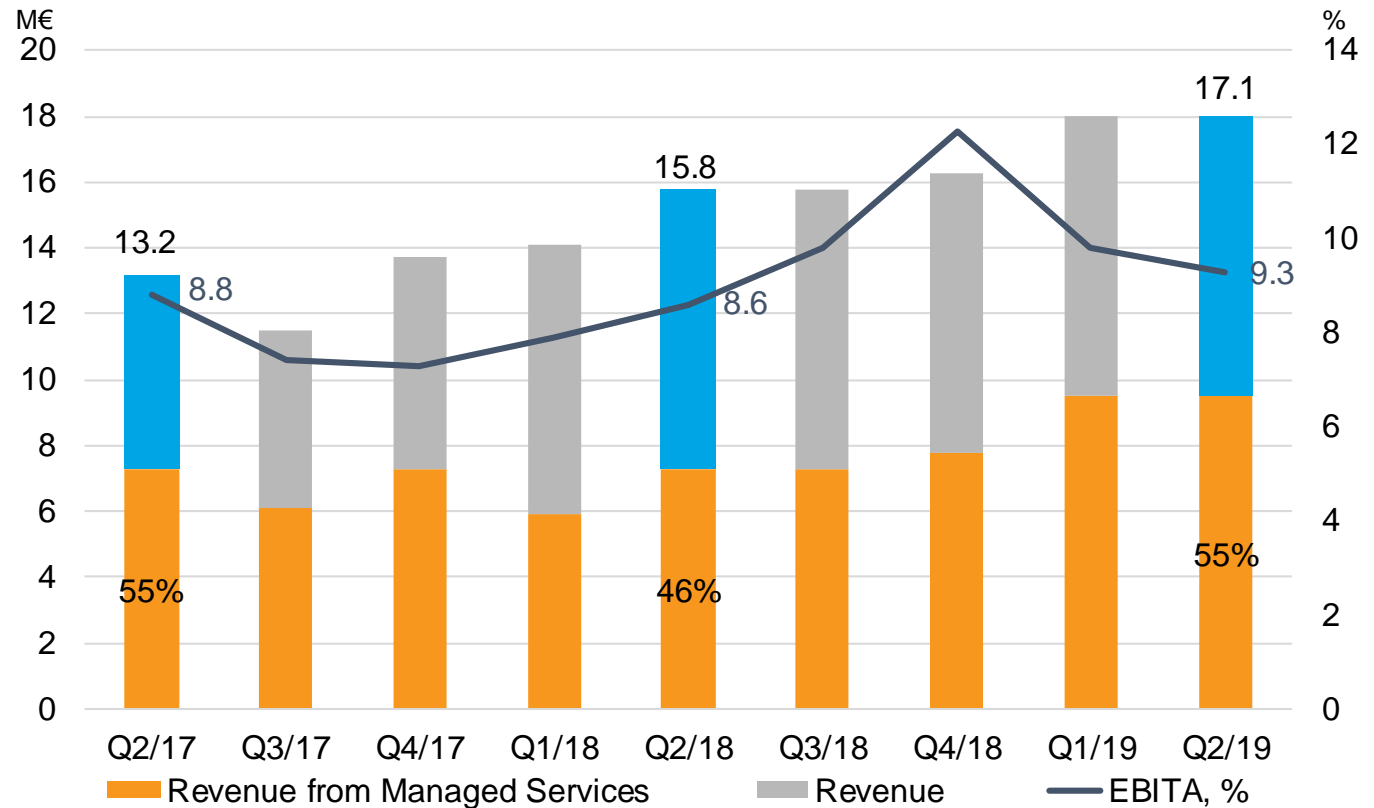
4-6/2019: 1.6 M€, 9.3%

(1.4 M€, 8.6%)

1-6/2019: 3.3 M€, 9.5%

(2.5 M€, 8.3%)

Personnel Jun 30, 2019: 731 (662)



- The service area's demand situation was generally good in all customer industries.
- Operating profit (EBITA) improved thanks to the higher share of Managed Services.
- The slow start to certain software design projects in Q1 and early Q2 affected the development.
- In Poland, orders from one customer decreased significantly as the focus of the operations shifted partly to other countries.

Technical Documentation Solutions

Revenue

4-6/2019: 11.8 M€ (11.3 M€)

Growth 5.1%

1-6/2019: 24.4 M€ (22.5 M€)

Growth 8.3%

Operating profit (EBITA)

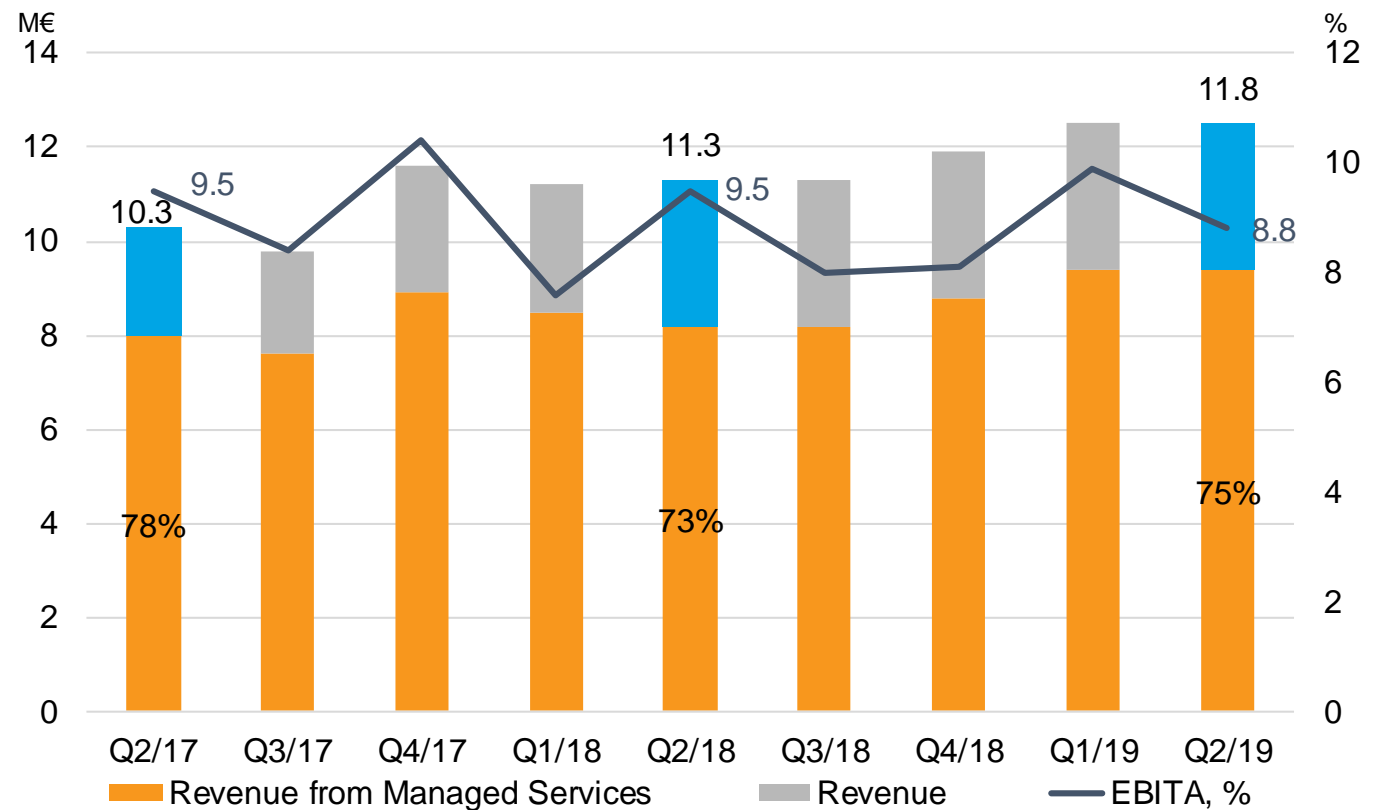
4-6/2019: 1.0 M€, 8.8%

(1.1 M€, 9.5%)

1-6/2019: 2.3 M€, 9.4%

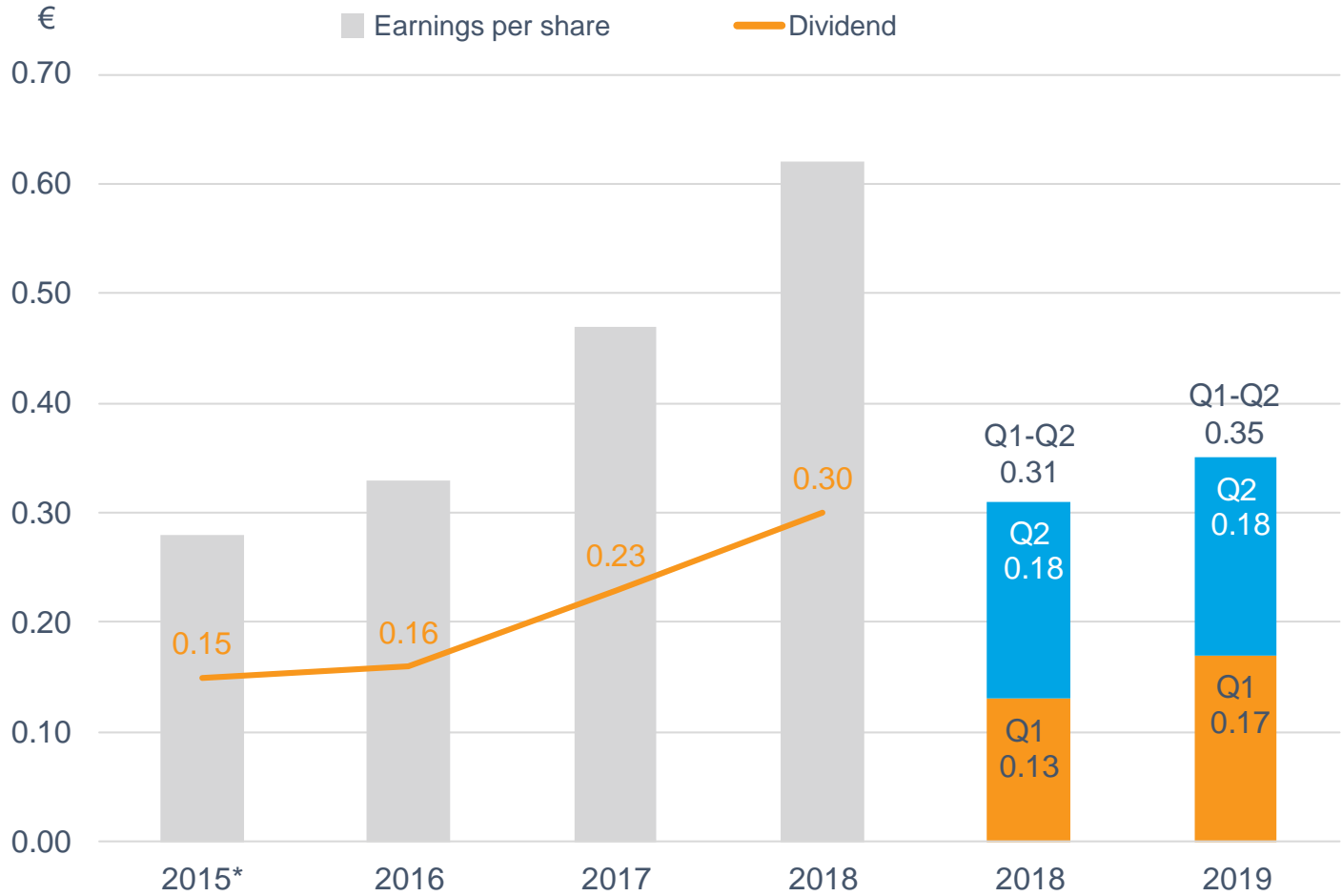
(1.9 M€, 8.6%)

Personnel Jun 30, 2019: 611 (571)



- Demand situation was good. Demand for outsourcing solutions has picked up. Certain software sales were postponed to the upcoming quarters.
- Operational efficiency was at a good level.
- Digitalization of technical documentation continues and we have also developed our service solutions.
- A significant long-delayed project delivery in Germany started with a test batch.
- We estimate that the other changes we made during the early part of the year will improve our German unit's performance during H2.

Earnings per share and dividends



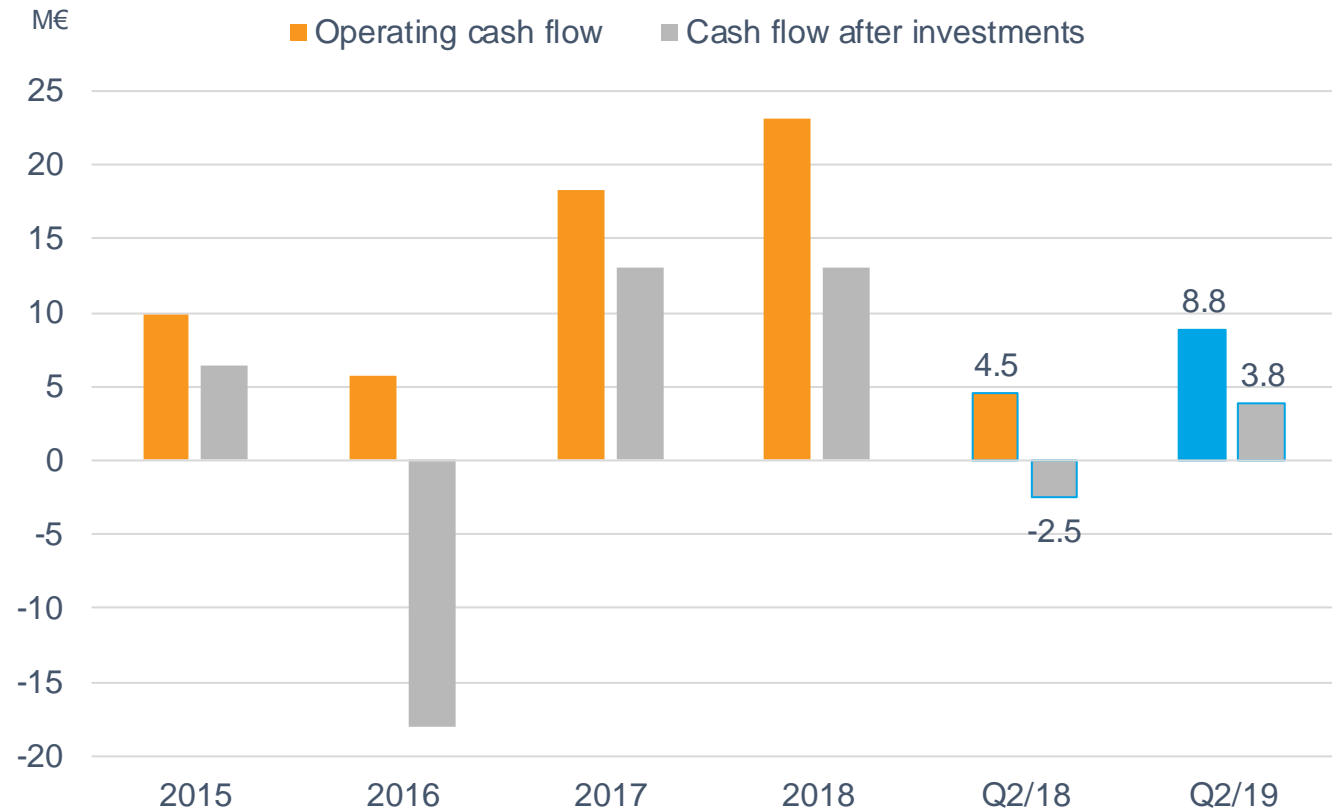
*Rights issue factor 1.050

Cash flow

Operating cash flow

4-6/2019: 8.8 M€ (4.5 M€)

1-6/2019: 14.2 M€ (7.7 M€)

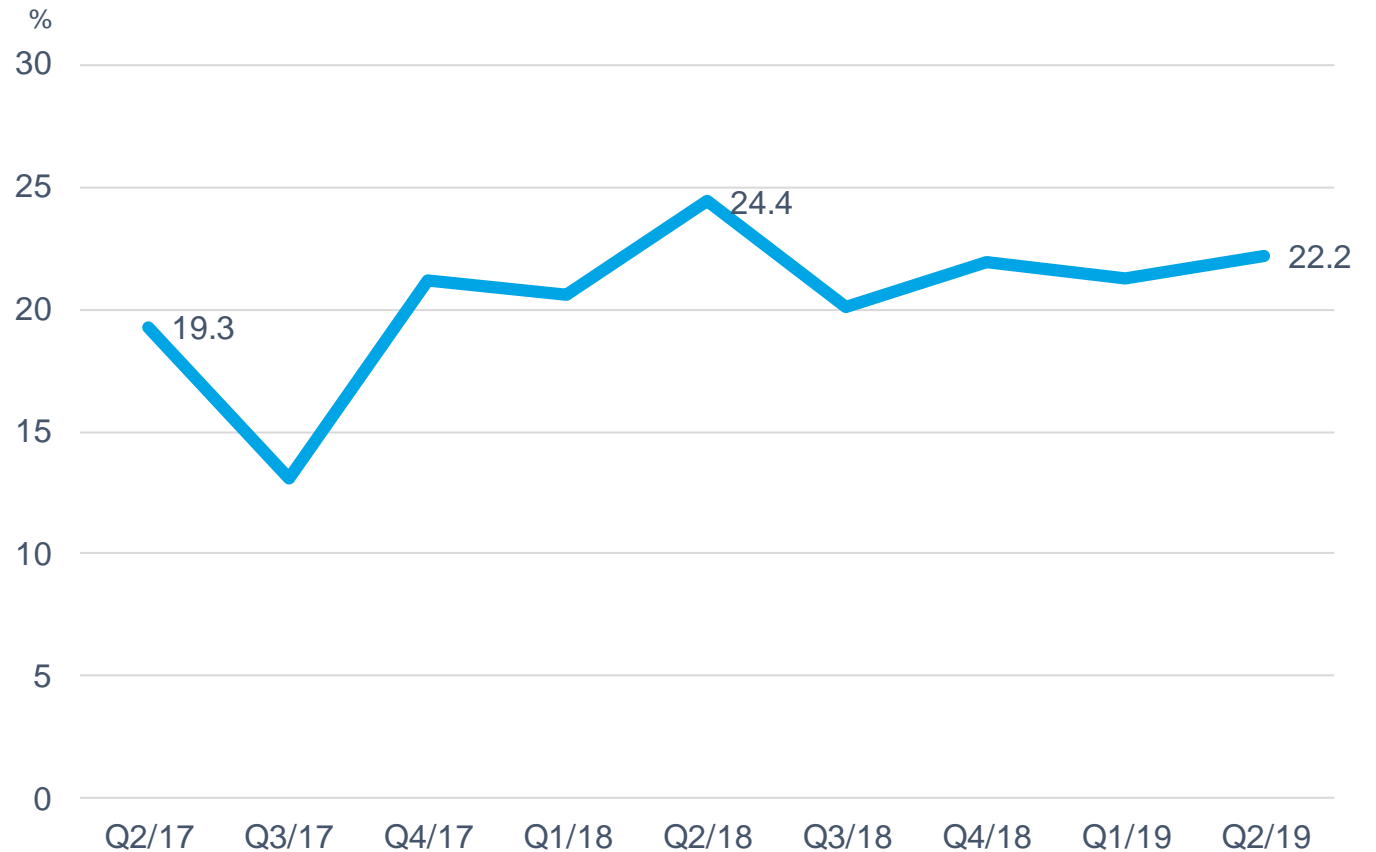


- Operative cash flow was strong.
- Cash flow was affected by the good operational result and the adoption of IFRS 16 Leases.
- Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Return on capital employed

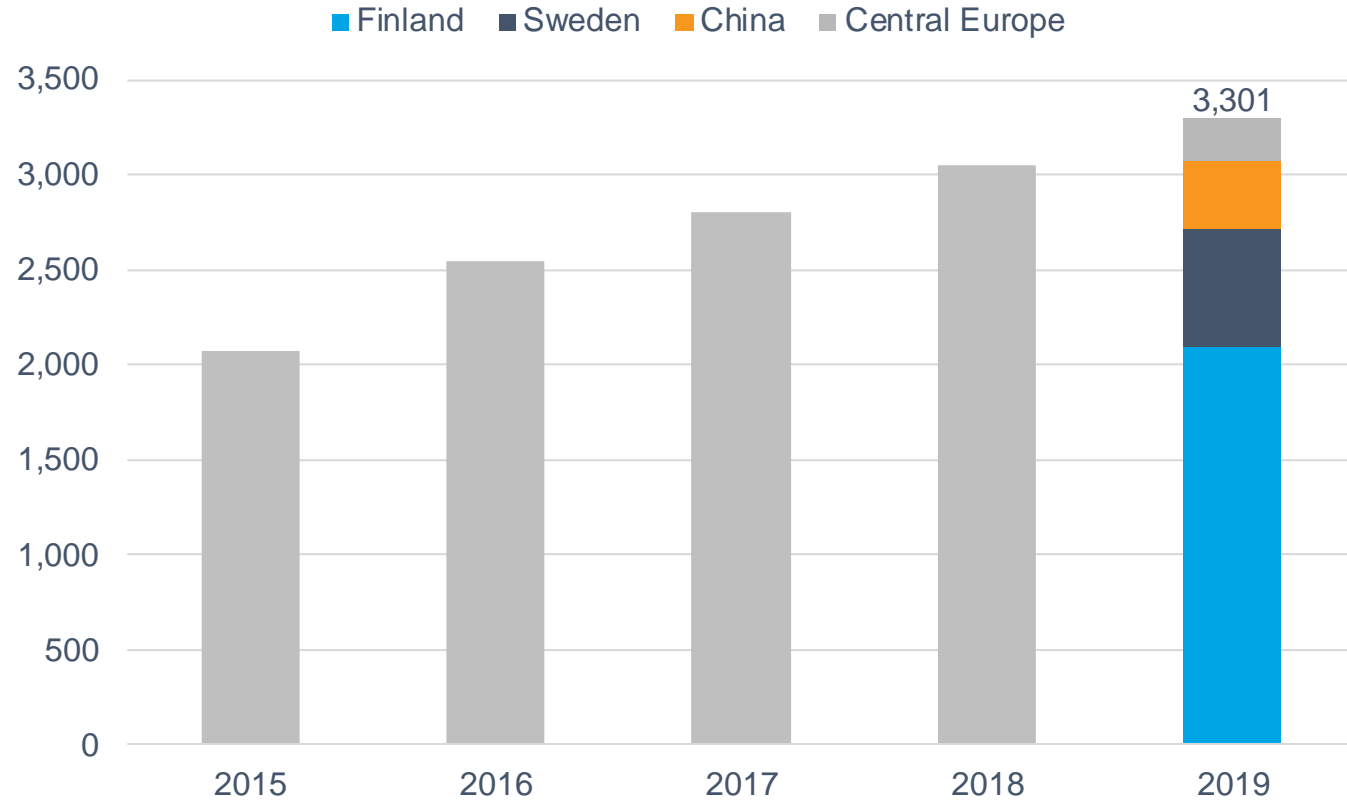
4-6/2019: 22.2% (24.4%)

1-6/2019: 22.1% (22.1%)



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

Personnel at the end of the period



- The amount of personnel grew by 8.2% year-on-year.
- At the end of the review period, 1,206 (Jun 30, 2018: 1,049) people were employed by the Group outside of Finland.

Income statement

(MEUR)	1-6/2019	1-6/2018	Change %
Revenue	130.0	121.0	7.4
Other operating income	0.8	0.4	
Materials and services	-11.5	-10.9	
Staff costs	-86.9	-81.1	
Other operating expenses	-14.2	-16.5	
Depreciation and amortization	-6.5	-2.7	
Operating profit (EBIT)	11.6	10.1	14.9
Financial income	0.4	0.6	
Financial expenses	-0.7	-0.8	
Profit before taxes	11.3	9.8	15.2
Income taxes	-2.5	-2.2	
Profit for the review period	8.8	7.6	15.5

Balance sheet

(MEUR)	Jun 30, 2019	Jun 30, 2018
Goodwill	67.1	66.2
Other non-current assets	39.1	26.8
Non-current assets, total	106.2	93.0
Inventory	0.4	0.3
Trade and other receivables	58.9	55.7
Cash and cash equivalents	8.0	7.9
Current assets, total	67.3	63.9
TOTAL ASSETS	173.6	156.9
Equity, total	67.9	59.7
Non-current liabilities, total	32.0	34.5
Current liabilities, total	73.7	62.8
TOTAL EQUITY AND LIABILITIES	173.6	156.9

Etteplan's targets

FINANCIAL TARGETS

15%

On average annual
revenue growth

1-6/2019: 7.4%

10%

Operating profit
(EBITA)

1-6/2019: 9.9%

65%

Managed Services share
of revenue by the end of
2019

1-6/2019: 59%

>30%

Equity ratio

1-6/2019: 40.1%

ACTIONS

- Growth in key customers
- Organic growth through service solutions
- Acquisitions

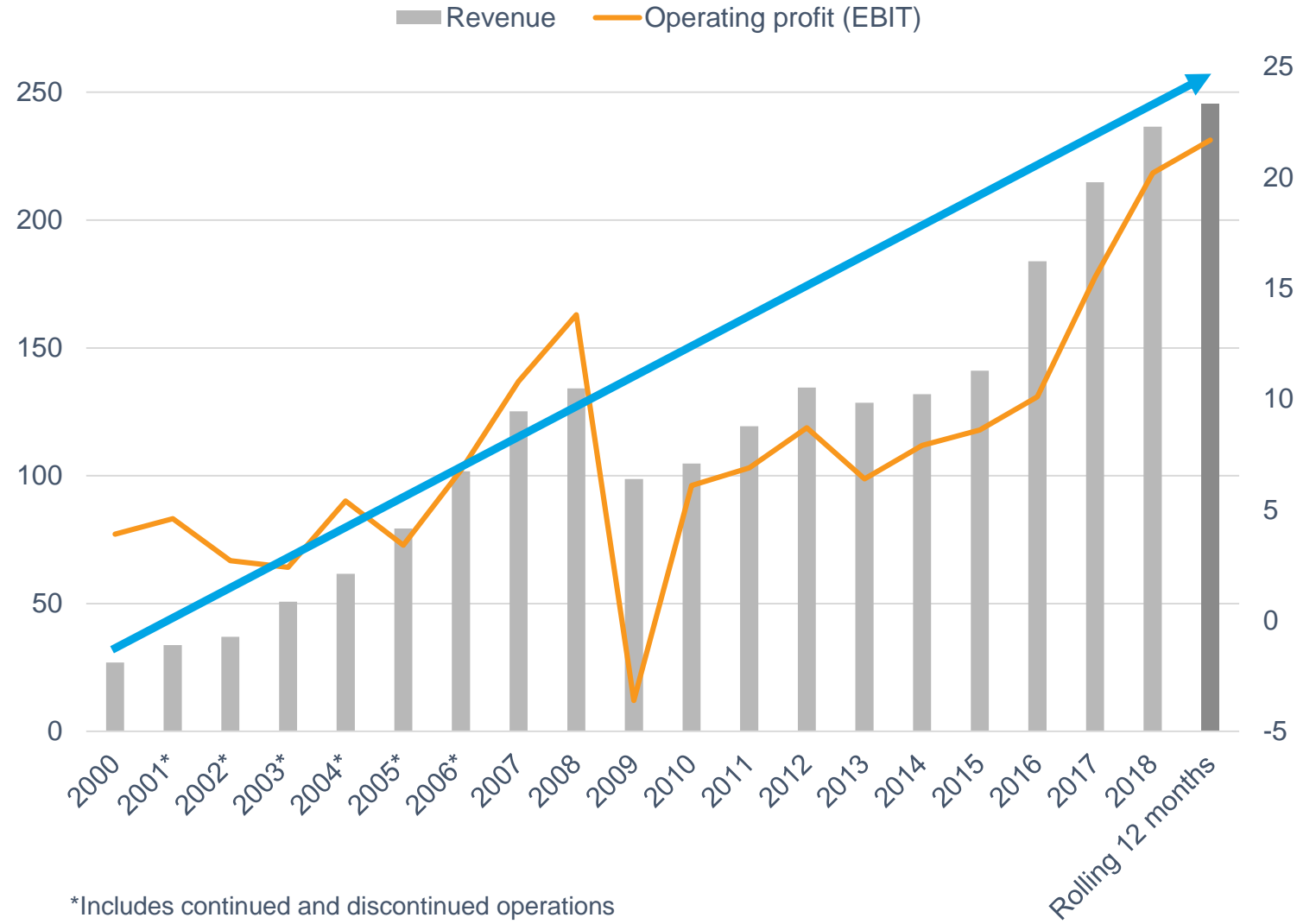
- Change in business model towards Managed services
- Market leadership

- Service solutions
- Technology solutions
- Project business

- Corresponding financing arrangements
- Improving cash flow

We are
progressing
towards our
targets

Revenue and EBIT 2000-2019



Investor Relations contacts

Per-Anders Gådin
CFO
Tel. +46 70 399 7929

Juha Näkki
President and CEO
Tel. +358 10 307 2077



Outi Tornainen
SVP, Marketing and Communications
Tel. +358 40 5121 375

