

Interim Report
January–September

2019

Q3



ETTEPLAN Oyj Interim Report October 31, 2019, at 1:00 pm

ETTEPLAN Q3 2019: Profitable growth accelerated

Review period July-September 2019

- The Group's revenue grew by 17.0 per cent and was EUR 61.5 million (7-9/2018: EUR 52.6 million). At comparable exchange rates, growth was 17.6 per cent.
- Organic growth was 5.1 per cent. At comparable exchange rates, organic growth was 5.8 per cent.
- Operating profit (EBITA) improved and amounted to EUR 6.6 (5.0) million or 10.7 (9.6) per cent of revenue.
- Operating profit (EBIT) was EUR 5.7 (4.4) million or 9.3 (8.3) per cent of revenue.
- The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR 0.8 (-0.0) million.
- The profit for the review period was EUR 4.7 (3.2) million.
- Operating cash flow was EUR 1.1 (-0.5) million.
- Basic earnings per share were EUR 0.19 (0.13).
- In July, Etteplan acquired EMP Engineering Alliance, a German company specializing in industrial automation and process engineering.
- After the review period, in October, Etteplan acquired Teknifo AB, a Swedish company specializing in technical documentation.
- After the review period, in October, Etteplan launched a cloud solution for Simplified Technical English.

Review period January-September 2019

- The Group's revenue grew by 10.3 per cent and was EUR 191.5 (1-9/2018: 173.6) million. At comparable exchange rates, growth was 11.0 per cent.
- Organic growth was 4.4 per cent. At comparable exchange rates, organic growth was 5.1 per cent.
- Operating profit (EBITA) improved and amounted to EUR 19.5 (16.2) million or 10.2 (9.3) per cent of revenue.
- Operating profit (EBIT) was EUR 17.3 (14.5) million or 9.0 (8.3) per cent of revenue.
- The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR 0.6 (-0.3) million.
- The profit for the review period was EUR 13.5 (10.9) million.
- Operating cash flow improved significantly and was EUR 15.4 (7.2) million.
- Basic earnings per share were EUR 0.54 (0.44).
- The number of personnel increased by 12.8 per cent and the Group had 3,440 (3,050) employees at the end of September 2019.

Etteplan also monitors non-IFRS performance measures, because they provide information on Etteplan's strategic and financial development in addition to other key indicators. More information on performance measures is provided on pages 21-22.

Etteplan renewed its organization and structure and made changes to its segment reporting effective from January 1, 2019. Starting from the beginning of 2019, the names of the service areas are Engineering Solutions, Software and

Embedded Solutions and Technical Documentation Solutions. Each service area forms a separate reporting segment. More information on the changes and the impacts of IFRS 16 "Leases" is provided on pages 12-14 and 22.

Market outlook 2019

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prevailing political situation increases uncertainty and affects the development of our operating environment and 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.

Key figures

(EUR 1,000)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Revenue	61,539	52,595	191,493	173,590	236,477
Operating profit (EBITA)	6,586	5,038	19,493	16,172	22,555
EBITA, %	10.7	9.6	10.2	9.3	9.5
Operating profit (EBIT)	5,693	4,385	17,265	14,453	20,184
EBIT, %	9.3	8.3	9.0	8.3	8.5
Basic earnings per share, EUR	0.19	0.13	0.54	0.44	0.62
Equity ratio, %	39.4	42.0	39.4	42.0	42.9
Operating cash flow	1,142	-521	15,359	7,225	23,055
ROCE, %	20.1	20.1	20.3	21.1	21.3
Personnel at end of the period	3,440	3,050	3,440	3,050	3,055

President and CEO Juha Näkki:

In the third quarter we again accelerated our growth and exceeded our revenue growth target of 15 per cent. The acquisitions supported growth and we were also able to grow organically despite the weakening market conditions. The share of Managed Services of revenue exceeded 60 per cent for the first time. In particular, success in project business supported profitability development. A non-recurring item related to the revaluation of the earn-out in Eatech acquisition improved operating profit. Eatech's business has developed well as part of Etteplan's software unit Etteplan MORE, but has not reached the demanding target levels.

Demand in Engineering Solutions service area weakened slightly but we were again able to reach good results through strong operative performance. The acquisitions of Devex Mekatronik AB and EMP Engineering Alliance got off to a good start as part of Etteplan and supported the service area's growth and profitability.

Good demand continued in the Software and Embedded Solutions service area and the business developed positively. The project business, in particular, grew with good profitability. The acquisition of Devex Mekatronik AB supported growth.

Demand in Technical Documentation Solutions service area decreased slightly overall, but the demand for outsourcing solutions remained on a good level. Our business in Germany continued

to burden the service area's development. However, the actions taken are generating good results and we trust that the business in Germany will recover during the rest of 2019. We also continued to develop our service solutions and launched our first fully digital service after the end of the review period. Our HyperSTE-software, designed to improve the quality of written technical English, is now available as a SaaS-solution everywhere in the world. We expect significant growth for our software sales in the years to come.

Uncertainty in the market has led to a decrease in demand growth in Europe, and the trade war has decreased demand in China. However, we see that with the help of our services solutions we will be able to win market share and continue the positive development of our business also going forward.

Operating environment

Etteplan's business is affected by global megatrends as well as industry-specific developments. The Internet of Things (IoT), digitalization of machinery and equipment, the climate change driving needs for products that are in line with the principles of sustainable development, and shorter product life cycles, are creating needs for intelligent and efficient engineering solutions in all industrial sectors. Companies continue to direct 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 and it supports Etteplan's growth. The trend of centralizing service purchasing continued as customer demand became increasingly international, 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 market situation remained generally good, despite the increased uncertainty. Unpredictable changes in Etteplan's main markets and various customer industries, nevertheless, continued in the third quarter.

There were no significant changes in the industry-specific demand for our services during the third quarter. Demand growth slowed down slightly, but demand remained on a good level. Customer-specific differences increased and were again considerable. Demand in the mining industry was at a good level. Demand in the forest, pulp and paper industry remained strong. Demand among lifting and hoisting equipment manufacturers remained at a good level on average. Demand in the energy and power transmission industry continued at a relatively good level. Demand from aerospace and defense equipment manufacturers was at a good level. In the transportation and vehicle industry, demand weakened. Demand in the ICT industry remained good.

Competition for employees and the limited availability of specialized experts in certain areas continued to affect the development of the sector in all market areas.

In Finland, the general market demand remained good, but demand growth slowed down slightly. The combined revenue of technology industry companies in Finland grew by 7 per cent in January-July 2019 compared to last year. Based on the order development during the past months, the revenue of technology companies is expected to be slightly higher during the remainder of the year than during the same period last year.

The revenue of engineering and consulting companies in the technology industry grew by five per cent in January-July 2019 compared to the previous year. According to Technology Industries of Finland, new orders and the order backlog decreased slightly compared to the previous quarter but were still at a good level. In April-June, the euro-denominated value of new orders

received by the engineering and consulting companies was 11 per cent lower than in April-June but three per cent higher than during the same period the previous year. The value of the order backlog at the end of September was three per cent lower than at the end of June and 11 per cent lower than in September 2018.

In Sweden, Germany, the Netherlands and Poland, market demand weakened slightly compared to the previous good level. Demand in China weakened due to the prevailing political situation. However, the opening up of the service market continued.

Revenue

Etteplan's revenue grew by 17.0 per cent in July-September and was EUR 61.5 (7-9/2018: 52.6) million. Revenue increased by 17.6 per cent at comparable exchange rates. Organic growth was 5.1 per cent. At comparable exchange rates, organic growth was 5.8 per cent.

In January-September, Etteplan's revenue grew by 10.3 per cent and was EUR 191.5 (1-9/2018: 173.6) million. Revenue increased by 11.0 per cent at comparable exchange rates. Organic growth was 4.4 per cent. At comparable exchange rates, organic growth was 5.1 per cent.

Demand growth slowed down somewhat due to an increase in general uncertainty. Nevertheless, Etteplan's growth accelerated in the third quarter, boosted by acquisitions. In addition to the acquisition of the Swedish company Devex Mekatronik AB in June, we expanded our operations in Germany to engineering services in July and acquired EMP Engineering Alliance, a company specializing in industrial automation and process engineering. In September, we acquired the business operations of the Mikoplan Oy, an engineering agency in Finland. Devex Mekatronik AB increases Etteplan's revenue effective from June 1, 2019, and EMP Engineering Alliance from July 1, 2019.

Etteplan's business is subject to periodic fluctuation due to the number of working days, holiday seasons and the timing of product development and investment projects in customer companies, which mainly take place in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

The revenue of acquired companies is not included in the organic growth of revenue for the 12 months following the acquisition.

Result

Operating profit (EBITA) improved by 30.7 per cent in July-September and was EUR 6.6 (5.0) million, or 10.7 (9.6) per cent of revenue.

In January-September, operating profit (EBITA) improved by 20.5 per cent and was EUR 19.5 (16.2) million, or 10.2 (9.3) per cent of revenue.

Operating profit (EBIT) improved by 29.8 per cent in July-September and was EUR 5.7 (4.4) million, or 9.3 (8.3) per cent of revenue. In January-September, operating profit (EBIT) improved by 19.5 per cent and was EUR 17.3 (14.5) million, or 9.0 (8.3) per cent of revenue.

The combined effect of non-recurring items on operating profit (EBITA) and operating profit (EBIT) was EUR 0.8 (-0.0) million in July-September and EUR 0.6 (-0.3) million in January-September.

The non-recurring items in July-September included a change in the premeasurement of a contingent consideration as well as expenses related to acquisitions and the restructuring of operations.

The change in the premeasurement of a contingent consideration is related to the revaluation of the earn-out on the Eatech Oy acquisition. Eatech's business has developed well as part of Etteplan's software unit Etteplan MORE, but has not reached the demanding target levels. As a consequence, a gain of EUR 1.1 million was recognised in the consolidated income statement in the third quarter.

At the beginning of 2019, Etteplan started to measure its profitability using operating profit (EBITA) instead of EBIT from business operations. The Company updated its strategic and financial target concerning profitability on April 4, 2019. The target is to reach 10 per cent operating profit (EBITA) of revenue. More information is provided on pages 13-14.

In January-September, financial expenses amounted to EUR 1.0 (1.7) million.

Profit before taxes for January-September was EUR 16.8 (13.9) million. Taxes in the income statement amounted to 19.8 (22.0) per cent of the result before taxes. The amount of taxes was EUR 3.3 (3.1) million.

The profit for January-September was EUR 13.5 (10.9) million.

Basic earnings per share were EUR 0.19 (0.13) in July-September and EUR 0.54 (0.44) in January-September. Equity per share was EUR 2.90 (2.54) at the end of September. Return on capital employed (ROCE) before taxes was 20.1 (20.1) per cent in July-September and 20.3 (21.1) per cent in January-September.

Financial position and cash flow

The Group's cash and cash equivalents stood at EUR 6.6 (6.4) million at the end of September.

The Group's interest-bearing debt amounted to EUR 58.5 (41.0) million. At the time of adopting IFRS 16 *Leases*, an interest-bearing lease liability of EUR 12 million was recognized, corresponding to the discounted future rent payments of the leased items. Right-of-use assets were recognized in the balance sheet equal to the amount of the additional liability. More information is provided on pages 14 and 22.

The total of unused short-term credit facilities stood at EUR 10.0 (3.6) million.

Operating cash flow developed well and was EUR 15.4 (7.2) million in January-September.

Cash flow after investments was EUR -4.5 (-2.0) million in January-September.

The accrual of cash flow was affected by the good operational result and the adoption of IFRS 16 *Leases*. Operating cash flow increased and financing cash flow decreased by approximately EUR 5.0 million due to the repayment of the principal portion of the lease liability being classified as cash flow from financing activities. More information is provided on pages 14 and 22.

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

Total assets on September 30, 2019 were EUR 187.2 (152.5) million. Goodwill on the balance sheet was EUR 75.7 (66.5) million.

At the end of September, the equity ratio was 39.4 (42.0) per cent. The equity ratio weakened by three percentage points in relation to the adoption of IFRS 16 *Leases*, which led to an increase in the Group's lease liabilities. More information is provided on pages 14 and 22.

Capital expenditure

The Group's gross investments in January-September were EUR 29.4 (16.8) million. The gross investments mainly consisted of acquisitions, an increase in lease obligations, growth-related equipment purchases and license fees for engineering software.

Personnel

The number of personnel increased by 12.8 per cent year-on-year and stood at 3,440 (3,050) at the end of September 2019. The Group employed 3,254 (2,970) people on average in January-September. International growth continued and, at the end of September, 1,353 (1,084) people were employed by the Group outside of Finland. One employee was temporarily laid off at the end of September.

Business review

The success of the outsourcing business and acquisitions strengthen Etteplan's market position and support the Company's growth. The demand for Managed Services and services related to the digitalization of machinery and equipment remained at a good level. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities.

The growth in the demand for Etteplan's services slowed down slightly. The demand for new product development and equipment engineering projects as well as plant engineering investments decreased slightly. The lower availability of specialized experts in certain areas affected the development of business. The demand situation in Finland remained good. In Sweden, the Netherlands and Poland, market uncertainty has slightly weakened Etteplan's demand situation. In Germany, the general demand situation has weakened, but demand in the process industry has remained at a good level. The EMP Engineering Alliance acquisition and the measures taken in the technical documentation business support our development in Germany.

The opening up of the Chinese service market continued and we again won new customers. However, the prevailing political situation weakens the demand. The number of hours sold in the Chinese market decreased by 9.3 per cent in July-September and by 2.9 per cent in January-September.

Revenue from key accounts grew by 2.0 per cent in July-September and by 5.4 per cent in January-September.

Etteplan is a profitable growth company with a target of 15 per cent annual growth on average, both organically and through acquisitions. The most important focus areas of growth are the continuous development of service solutions, digitalization and international growth.

In addition, Etteplan's target is to achieve a share of 65 per cent of revenue for Managed Services by the end of 2019. The growth in the share of Managed Services enhances Etteplan's capacity management and improves profitability.

The share of revenue represented by Managed Services grew, particularly due to the growth of the project business, and stood at 62 (54) per cent in July-September and 61 (54) per cent in January-September.

In the recent years, Etteplan has invested in digitalization and software development with the aim of expanding its service offering and competence capital in order to respond to the digitalization needs of its customers. At the same time, we are investing in organic growth as well as in the development of our own business and increasing its rate of digitalization.

Etteplan's goal is to grow internationally and provide solutions in all of the Company's service areas in all of our market areas. A further goal is to strengthen competence and the market position through acquisitions. In line with this goal, Etteplan has already completed four acquisitions in 2019.

During the review period, in early July, Etteplan announced it is expanding its operations in Germany to engineering services and acquiring EMP Engineering Alliance, a company specializing in industrial automation and process engineering. Etteplan previously offered technical documentation services in Germany. The acquisition supports our existing business in Germany and creates a stronger and wider growth platform for us in the important German engineering market. In 2018, EMP Engineering Alliance's revenue totaled EUR 16.8 million, and it employs more than 130 experts in process automation in four different cities: Leverkusen, Berlin, Bottrop and Frankfurt.

In September, Etteplan announced that the business operations and four employees of the Sotkamo, Finland-based engineering company Mikoplan Oy had been acquired by Etteplan.

Engineering Solutions

Engineering Solutions refer to the innovation, engineering and calculations of the technical attributes of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically product development projects for a new product, plant engineering projects or Engineering-to-Order projects, involving the customization of the product in accordance with end customer requirements and the market area's legislation.

(EUR 1,000)	7-9/2019	7-9/2018	Change	1-9/2019	1-9/2018	Change	1-12/2018
Revenue	35,314	28,817	22.5%	106,189	97,460	9.0%	132,061
Operating profit (EBITA)	3,375	2,894	16.6%	10,893	9,705	12.2%	12,985
EBITA, %	9.6	10.0		10.3	10.0		9.8
Managed Services index	59	52		59	52		52
Personnel at end of the period	2,008	1,743	15.2%	2,008	1,743	15.2%	1,740

The figures for Devex Mekatronik AB, acquired in June 2019, are included in the Engineering Solutions service area's figures starting from June 1, 2019.

The figures for EMP Engineering Alliance, acquired in July 2019, are included in the Engineering Solutions service area's figures starting from July 1, 2019.

The share of Etteplan's revenue represented by Engineering Solutions was 58 (55) per cent in July-September and 56 (56) per cent in January-September.

The service area's revenue increased by 22.5 per cent in July-September and amounted to EUR 35.3 (28.8) million. The acquisitions of Devex Mekatronik AB and EMP Engineering Alliance supported the service area's growth. In January-September, revenue increased by 9.0 per cent, amounting to EUR 106.2 (97.5) million.

The Engineering Solutions service area had 2,008 (1,743) employees at the end of September.

The Engineering Solutions service area developed well in the third quarter despite the slightly weakening demand growth. Etteplan strengthened its Engineering Solutions during the review period by making acquisitions in Germany and Finland. The uncertainty caused by the prevailing

political situation affected our business in China. The sales of Engineering Solutions in Poland remained slow in the third quarter. The lower availability of specialized experts in certain areas affected the business to some extent.

The Engineering Solutions service area's operating profit (EBITA) in July-September was EUR 3.4 (2.9) million, or 9.6 (10.0) per cent of revenue. In January-September, operating profit (EBITA) was EUR 10.9 (9.7) million, or 10.3 (10.0) per cent of revenue. Profitability was at a good level thanks to good operational efficiency. The business of the acquired companies has also developed positively, and they supported the service area's profitability.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, increased thanks to good demand in the project business and acquisitions, amounting to 59 (52) per cent in July-September and 59 (52) per cent in January-September.

We continued the development of the service area's technology solutions. We are strengthening our expertise in areas such as additive manufacturing, digital twin solutions, artificial intelligence and other digital technologies.

Etteplan won a major order from Stora Enso in the summer concerning the conversion of the Oulu paper mill into a packaging board mill. According to the contract, Etteplan will be responsible for the plant engineering of the wood handling system and the fiber line, including process, layout, piping, steel structure, electricity, automation, HVAC & plumbing and fire protection engineering.

Software and Embedded Solutions

Software and Embedded Solutions refer to product development services as well as software and technology solutions that allow the controlling of machines and equipment and enable their digital connectivity as part of the Internet of Things. A common challenge faced by our customers is the need to develop a service based on a new business model that takes advantage of digitalization.

(EUR 1,000)	7-9/2019	7-9/2018	Change	1-9/2019	1-9/2018	Change	1-12/2018
Revenue	15,376	13,616	12.9%	49,795	43,480	14.5%	60,017
Operating profit (EBITA)	1,557	1,330	17.1%	4,841	3,811	27.0%	5,837
EBITA, %	10.1	9.8		9.7	8.8		9.7
Managed Services index	55	46		55	45		47
Personnel at end of the period	734	650	12.9%	734	650	12.9%	653

The figures for Devex Mekatronik AB, acquired in June 2019, are included in the Software and Embedded Solutions service area's figures starting from June 1, 2019.

The share of the Group's total revenue represented by Software and Embedded Solutions was 25 (26) per cent in July-September and 26 (25) per cent in January-September.

The service area's revenue increased by 12.9 per cent in July-September and amounted to EUR 15.4 (13.6) million. The acquisition of Devex Mekatronik AB supported the service area's growth. In January-September, revenue increased by 14.5 per cent and was EUR 49.8 (43.5) million.

The Software and Embedded Solutions service area had 734 (650) employees at the end of September.

The service area's demand situation was generally good in all customer industries. The reduced availability of competent professionals, particularly in the software business, slowed growth to

some extent. In Poland, orders from one customer decreased significantly as the focus of operations shifted partly to other countries.

The Software and Embedded Solutions service area's operating profit (EBITA) improved thanks to the higher share of Managed Services and amounted to EUR 1.6 (1.3) million, or 10.1 (9.8) per cent of revenue in July-September. In January-September, operating profit (EBITA) was EUR 4.8 (3.8) million, or 9.7 (8.8) per cent of revenue. Operational efficiency was at a good level.

The Managed Services Index (MSI), which reflects the share of revenue represented by Managed Services, increased thanks to the strong development of the project business, amounting to 55 (46) per cent in July-September and 55 (45) per cent in January-September.

Technical Documentation Solutions

Technical Documentation Solutions refer to the documentation of a product's technical attributes, such as manuals and service instructions for the users of a product, as well as related content management and distribution in print or digital form. For an industrial customer, technical documentation is typically a non-core operation that has a significant impact on the efficiency of the end customer's maintenance service operations.

(EUR 1,000)	7-9/2019	7-9/2018	Change	1-9/2019	1-9/2018	Change	1-12/2018
Revenue	10,707	10,117	5.8%	35,061	32,605	7.5%	44,305
Operating profit (EBITA)	839	810	3.6%	3,131	2,733	14.5%	3,684
EBITA, %	7.8	8.0		8.9	8.4		8.3
Managed Services index	78	74		78	75		75
Personnel at end of the period	610	572	6.6%	610	572	6.6%	587

The figures for Teknifo AB, acquired in October 2019, are included in the Technical Documentation Solutions service area's figures starting from October 1, 2019.

The share of the Group's total revenue represented by Technical Documentation Solutions was 17 (19) per cent in July-September and 18 (19) per cent in January-September.

The service area's revenue increased by 5.8 per cent in July-September and amounted to EUR 10.7 (10.1) million. In January-September, the rate of growth was 7.5 per cent and revenue amounted to EUR 35.1 (32.6) million.

The Technical Documentation Solutions service area had 610 (572) employees at the end of September.

The service area's demand situation weakened slightly in the third quarter as general uncertainty increased. The demand for outsourcing solutions has picked up and we are continuing discussions on new outsourcing agreements with several customers. Etteplan strengthened its Technical Documentation Solutions business after the review period by making an acquisition in Sweden. Operational efficiency was at a good level.

In July-September, the Technical Documentation Solutions service area's operating profit (EBITA) was EUR 0.8 (0.8) million, or 7.8 (8.0) per cent of revenue. In January-September, operating profit (EBITA) was EUR 3.1 (2.7) million, or 8.9 (8.4) per cent of revenue.

Profitability was affected by the low number of software deals as our customers waited for the launch of the HyperSTE software's new SaaS service.

Challenges in Germany also continued to burden the profitability of Technical Documentation Solutions during the review period. However, the measures implemented earlier this year produced results and the business is developing in a generally positive direction. Deliveries on a long-delayed project have begun and will have an impact on profitability during the remainder of the year.

The Managed Services Index (MSI), which reflects the share of the service area's revenue represented by Managed Services, was 78 (74) per cent in July-September and 78 (75) per cent in January-September.

GOVERNANCE

Annual General Meeting 2019

Etteplan Oyj's Annual General Meeting was held on April 4, 2019. 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 2018.

The Annual General Meeting resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.30 per share for the financial year 2018 and to leave the remaining funds in unrestricted equity. The dividend decided on by the Annual General Meeting was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date for the dividend payout was April 8, 2019, and the date of dividend payout April 15, 2019.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting resolved that the Board of Directors shall consist of five members.

In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Cristina Andersson, Matti Huttunen, Robert Ingman, Leena Saarinen and Mikko Tepponen as members of the Board of Directors.

KPMG Oy Ab, Authorized Public Accountants was elected as the Company's auditor.

In its organization meeting subsequent to the Annual General Meeting, the Board of Directors of Etteplan Oyj elected Robert Ingman as Chairman of the Board of Directors. Leena Saarinen was elected the Chairman and Robert Ingman and Matti Huttunen as members of the Nomination and Remuneration Committee of Etteplan Oyj.

Board authorizations

The Annual General Meeting decided to authorize 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 the NASDAQ OMX 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 4, 2019, and ending on October 4, 2020. The authorization replaces the corresponding previous authorization.

The Annual General Meeting decided to authorize the Board of Directors to resolve on the issuance of a maximum of 2,500,000 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 the right to decide to issue either new shares or shares held by the Company.

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

The authorization is valid for two (2) years from the date of the resolution of the Annual General Meeting, starting on April 4, 2019, and ending on April 4, 2021.

Shares

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Mid Cap market capitalization group in the Industrials sector under the ETTE ticker. Etteplan moved from the Small Cap group to the Mid Cap group on January 1, 2019. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

The Company's share capital on September 30, 2019, was EUR 5,000,000.00 and the total number of shares was 24,963,308.

The number of Etteplan Oyj shares traded in January-September was 995,378 (1-9/2018: 819,916), for a total value of EUR 8.69 (6.90) million. The share price low was EUR 7.46, the

high EUR 10.60, the average EUR 8.73 and the closing price EUR 9.00. Market capitalization on September 30, 2019, was EUR 223.26 (236.37) million.

Treasury shares

On February 7, 2019, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of Etteplan's own shares in accordance with the authorization given to it by the Annual General Meeting on April 5, 2018. The shares are repurchased in order to be used to fulfill obligations pertaining to the share-based incentive plan for the Group's key personnel. The number of repurchased shares will not exceed 60,000 shares and the corresponding number of voting rights, which corresponds to approximately 0.24 per cent of the current total number of Etteplan's shares. The maximum repurchase price is EUR 9.5 per share. The repurchasing of shares began on February 8, 2019.

On April 4, 2019, Etteplan Oyj's Board of Directors decided to continue the share repurchase program of Etteplan's own shares initiated on February 7, 2019, in accordance with the authorization given to it by the Annual General Meeting on April 4, 2019. The terms of the program remained unchanged. On August 13, 2019, Etteplan's Board of Directors increased the maximum repurchase price to EUR 10.5 per share. On September 17, 2019, the repurchase program was concluded as the maximum number of repurchased shares was reached.

January-September 2019, Etteplan repurchased a total of 60,000 of the Company's own shares. The Company held 156,203 of its own shares on September 30, 2019 (September 30, 2018: 82,213), which corresponds to 0.63 per cent of all shares and voting rights.

Incentive plan for key personnel

The Board of Directors of Etteplan Oyj decided on May 31, 2017, to establish a new share-based incentive plan for the Group's key personnel. The incentive plan includes one earning period comprising the calendar years 2017-2019. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). The potential reward will be paid partly in the Company's shares and partly in cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising from the reward to the key personnel. Approximately 20 people belong to the target group of the incentive plan. The rewards to be paid on the basis of the plan will correspond to the value of an approximate maximum total of 260,000 Etteplan Oyj shares (including also the proportion to be paid in cash). 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 and, therefore, the incentive plan will have no diluting effect on the value of the share. The potential non-recurring reward of the incentive plan will be paid after the earning period in 2020.

Flaggings

Etteplan Oyj received no flagging notices in January-September 2019.

Changes in segment reporting on January 1, 2019

On January 1, 2019, Etteplan introduced a new global organization in which the service areas form the reporting lines instead of the previous country organization. Starting from the beginning of 2019, Etteplan has three service areas: Engineering Solutions, Software and Embedded Solutions and Technical Documentation Solutions.

Etteplan's business was previously conducted in one operating segment. With the organizational changes, Etteplan also changed the internal reporting provided for the chief operating decision-maker, i.e. Etteplan's Management Group, for decision-making. From the first Interim Report 2019 onwards, each of Etteplan's service areas will form an operating and reporting segment of its own. With the changes to the segment reporting, Etteplan aims to increase the transparency of the implementation of the company's business strategy and the realization of targets.

Starting from the interim report for the first quarter of 2019, Etteplan will report, in addition to revenue and the MSI Index, Operating profit (EBITA), EBITA-% and the number of personnel for each reporting segment/service area. As the premeasurements of contingent considerations are only included at the Group level, the operating profit (EBITA) equals the previously reported EBIT from business operations at the reporting segment/service area level both for the quarters and the full year 2018.

Changes to Etteplan's financial reporting and financial and strategic targets on April 4, 2019

Etteplan started to measure its profitability with operating profit (EBITA) instead of EBIT from business operations both for the Group and for the service areas. Based on the decision of the Board of Directors, the related strategic and financial targets are also updated. Etteplan's target is to reach 10 per cent operating profit (EBITA) of revenue.

Operating profit (EBITA) is more commonly used among Etteplan's peer companies and by starting to report it, Etteplan makes it easier for investors to compare its performance against other companies in the industry.

Comparison figures for 2018

(1 000 EUR)	10-12/2018	7-9/2018	4-6/2018	1-3/2018
Liikevoitto (EBIT)	5 731	4 385	5 653	4 415
Yrityshankintojen käyvän arvon arvostusten poistot	652	652	593	473
Liikevoitto (EBITA)	6 384	5 038	6 246	4 888
Ehdollisten velkojen arvostuksen muutos	-250	-213	-200	-18
Operatiivinen liikevoitto	6 134	4 824	6 046	4 871

Operating profit (EBITA) = Operating profit (EBIT) + amortization on fair value adjustments in acquisitions

EBIT from business operations = Operating profit (EBIT) + amortization on fair value adjustments in acquisitions +/- premeasurements of contingent considerations

Both operating profit (EBITA) and EBIT from business operations are non-IFRS performance measures, which provide additional information on Etteplan's strategic and financial development.

Etteplan's strategic and financial targets as of April 4, 2019

Growth: 15 per cent average annual revenue growth (unchanged)

Profitability: 10 per cent operating profit (EBITA) of revenue (new target)

Managed Services: 65 per cent of revenue represented by Managed Services (Managed Services Index, MSI) by the end of 2019 (unchanged)

Balance sheet: >30 per cent equity ratio (unchanged)

Effects of the adoption of IFRS 16 Leases

IFRS 16 'Leases' standard requires lessees to recognize lease agreements on the balance sheet as right-of-use assets and related lease liabilities.

The new standard has an effect on the Group's balance sheet, cash flow statement and key figures, as the rental agreements for the Group's offices were previously classified as operating leases, which were not recognized in the balance sheet. The Group adopted the standard on January 1, 2019, and reported according to it for the first time in the first Interim Report of 2019.

Operating profit (EBIT) improved slightly because the interest on lease liabilities is treated as a financial expense. Operating cash flow increased and financing cash flow decreased by approximately the same amount due to the repayment of the principal portion of the lease liability being classified as cash flow from financing activities. The Group's liabilities are also increased, which has the effect of reducing the equity ratio.

At the time of adoption, an interest-bearing lease liability of EUR 12 million was recognized, corresponding to the discounted future rent payments of the leased items. Right-of-use assets were recognized in the balance sheet equal to the amount of the additional liability. More information is provided on pages 20-21.

Event after the review period: Etteplan strengthens its position in Sweden and acquires technical documentation company Teknifo AB

In October, Etteplan continued to strengthen its position in Sweden by acquiring Teknifo AB, a company specializing in technical documentation. Teknifo is a specialist of digital spare part books and will strengthen our position in aftermarket solutions. It also gives us a stronger foothold in South East Sweden where we have a very interesting customer base. Teknifo AB, established in 1980, is located in Växjö and Ljungby in Southern Sweden and has some 20 employees.

Event after the review period: Etteplan launched its first SaaS solution for technical documentation – world's first cloud solution for Simplified Technical English

On October 22, 2019 Etteplan launched its first cloud solution for technical documentation. It is the world's first SaaS-product for Simplified Technical Documentation and a fully scalable digital service. Etteplan's HyperSTE is a content checker tool made to improve quality, clarity, and consistency to comply with the STE standard. So far, Etteplan has used HyperSTE to improve the quality of technical documentation for our customers and sold on-premise licenses to our customers since 2012. Etteplan's HyperSTE -content checker tool's SaaS version significantly increases the market potential, and lowers the threshold to use STE as it improves the quality of English language, increases product safety and lowers costs.

Operating risks and uncertainty factors

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. The uncertainties caused by the general economic development continue to constitute risks for

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 increased difficulties in recruiting professional staff, particularly in certain expert disciplines, continued to present a business risk.

Etteplan's risk management review was published on pages 67-97 of the Financial Review 2018.

Financial information in 2020

Etteplan Oyj will publish financial information as follows:

- Financial Statement Review 2019: Tuesday, February 11, 2020
- Financial Statements and Annual Review: week 11/2020
- Annual General Meeting 2020: Thursday, April 2, 2020
- Interim Report 1-3/2020: Tuesday, May 5, 2020
- Half Year Financial Report 1-6/2020: Tuesday, August 11, 2020
- Interim Report 1-9/2020: Thursday, October 29, 2020

Vantaa, October 31, 2019

Etteplan Oyj

Board of Directors

Additional information:

Juha Näkki, President and CEO, tel. +358 10 307 2077

Outi Torniainen, SVP, Communications and Marketing, tel. +358 10 307 3302

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)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Revenue	61,539	52,595	191,493	173,590	236,477
Other operating income	1,383	305	2,188	714	1,172
Materials and services	-6,696	-4,962	-18,235	-15,902	-21,822
Staff costs	-39,844	-34,229	-126,774	-115,357	-156,183
Other operating expenses	-6,859	-7,867	-21,045	-24,415	-33,667
Depreciation and amortization	-3,830	-1,456	-10,362	-4,178	-5,792
Operating profit (EBIT)	5,693	4,385	17,265	14,453	20,184
Financial income	202	576	583	1,148	791
Financial expenses	-364	-836	-1,036	-1,685	-1,580
Profit before taxes	5,531	4,125	16,813	13,916	19,396
Income taxes	-870	-907	-3,330	-3,063	-4,116
Profit for the review period	4,662	3,218	13,483	10,852	15,280
Other comprehensive income, that may be reclassified to profit or loss					
Currency translation differences	-437	354	-1,231	-1,352	-1,200
Other comprehensive income, that will not be reclassified to profit or loss					
Change in fair value of equity investments at fair value through other comprehensive income	10	-8	-85	6	3
Other comprehensive income, net of tax	-426	346	-1,316	-1,346	-1,197
Total comprehensive income for the review period	4,235	3,564	12,167	9,506	14,083
Profit for the review period attributable to					
Equity holders of the parent company	4,662	3,218	13,483	10,852	15,280
Total comprehensive income for the review period attributable to					
Equity holders of the parent company	4,235	3,564	12,167	9,506	14,083
Earnings per share calculated from the profit attributable to equity holders of the parent company					
Basic earnings per share, EUR	0.19	0.13	0.54	0.44	0.62
Diluted earnings per share, EUR	0.19	0.13	0.54	0.44	0.62

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	Sep 30, 2019	Sep 30, 2018	Dec 31, 2018
ASSETS			
Non-current assets			
Goodwill	75,651	66,468	65,165
Other intangible assets	27,103	21,322	20,856
Tangible assets	17,374	4,009	4,065
Investments at fair value through other comprehensive income	449	699	695
Other non-current receivables	54	54	54
Deferred tax assets	257	170	161
Non-current assets, total	120,887	92,722	90,995
Current assets			
Inventory	429	352	362
Work in progress	29,225	25,490	20,503
Trade and other receivables	29,810	27,363	32,367
Current tax assets	331	190	223
Cash and cash equivalents	6,567	6,427	16,115
Current assets, total	66,362	59,822	69,569
TOTAL ASSETS	187,249	152,544	160,564
EQUITY AND LIABILITIES			
Equity			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	20,101	20,101	20,101
Own shares	-661	-269	-452
Cumulative translation adjustment	-5,133	-4,054	-3,901
Other reserves	115	235	231
Retained earnings	32,424	24,567	24,567
Profit for the review period	13,483	10,852	15,280
Equity, total	72,031	63,133	67,527
Non-current liabilities			
Deferred tax liabilities	6,125	4,281	4,518
Interest-bearing liabilities	34,747	23,959	24,105
Other non-current liabilities	27	3,538	2,036
Non-current liabilities, total	40,899	31,778	30,659
Current liabilities			
Interest-bearing liabilities	23,733	16,997	12,147
Advances received	4,468	2,204	3,064
Trade and other payables	43,905	36,680	45,386
Current income tax liabilities	2,212	1,752	1,782
Current liabilities, total	74,319	57,633	62,378
Liabilities, total	115,218	89,411	93,037
TOTAL EQUITY AND LIABILITIES	187,249	152,544	160,564

CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Operating cash flow					
Cash receipts from customers	64,187	55,069	191,697	175,665	239,983
Operating expenses paid	-61,800	-54,196	-172,371	-164,661	-212,081
Operating cash flow before financial items and taxes	2,386	872	19,326	11,004	27,903
Interest and payment paid for financial expenses	-353	-293	-829	-693	-956
Interest received	20	13	141	45	59
Income taxes paid	-911	-1,114	-3,280	-3,131	-3,950
Operating cash flow (A)	1,142	-521	15,359	7,225	23,055
Investing cash flow					
Purchase of tangible and intangible assets	-538	-373	-1,672	-1,066	-1,752
Acquisition of subsidiaries, net of cash acquired	-13,075	-565	-18,378	-8,167	-8,262
Proceeds from sale of tangible and intangible assets	10	12	27	16	21
Proceeds from sale of investments	140	0	140	1	1
Investing cash flow (B)	-13,462	-926	-19,883	-9,216	-9,992
Cash flow after investments (A+B)	-12,320	-1,447	-4,524	-1,990	13,063
Financing cash flow					
Purchase of own shares	-174	-142	-519	-401	-516
Expenses paid for directed share issue	0	0	0	-7	-7
Issue of new current loans	739	4,941	1,467	7,455	3,559
Repayments of current loans	-1,007	-4,443	-5,708	-9,841	-24,743
Issue of new non-current loans	13,500	100	13,500	8,100	22,102
Payment of lease liabilities	-2,386	-452	-6,608	-1,298	-1,765
Dividend paid	0	0	-7,454	-5,684	-5,684
Financing cash flow (C)	10,672	4	-5,322	-1,675	-7,054
Variation in cash (A+B+C) increase (+) / decrease (-)	-1,648	-1,443	-9,846	-3,665	6,009
Assets at the beginning of the period	7,995	7,852	16,115	10,074	10,074
Exchange gains or losses	220	18	297	18	32
Assets at the end of the period	6,567	6,427	6,567	6,427	16,115

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

A) Share Capital	E) Own Shares
B) Share Premium Account	F) Cumulative Translation Adjustment
C) Unrestricted Equity Fund	G) Retained Earnings
D) Other Reserves	H) Capital attributable to equity holders of the parent company, total

(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2018	5,000	6,701	18,524	228	-80	-2,701	30,251	57,923
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	15,280	15,280
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	3	0	0	0	3
Cumulative translation adjustment	0	0	0	0	0	-1,200	0	-1,200
Total comprehensive income for the year	0	0	0	3	0	-1,200	15,280	14,083
Transactions with owners								
Dividends	0	0	0	0	0	0	-5,684	-5,684
Directed share issue	0	0	1,577	0	0	0	0	1,577
Purchase of own shares	0	0	0	0	-516	0	0	-516
Share-based incentive plan	0	0	0	0	144	0	0	144
Transactions with owners, total	0	0	1,577	0	-372	0	-5,684	-4,478
Equity Dec 31, 2018	5,000	6,701	20,101	231	-452	-3,901	39,846	67,527
(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2019	5,000	6,701	20,101	231	-452	-3,901	39,846	67,527
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	13,483	13,483
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	-85	0	0	0	-85
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	0	0	0	-32	0	0	32	0
Cumulative translation adjustment	0	0	0	0	0	-1,231	0	-1,231
Total comprehensive income for the year	0	0	0	-116	0	-1,231	13,515	12,167
Transactions with owners								
Dividends	0	0	0	0	0	0	-7,454	-7,454
Purchase of own shares	0	0	0	0	-519	0	0	-519
Share-based incentive plan	0	0	0	0	310	0	0	310
Transactions with owners, total	0	0	0	0	-209	0	-7,454	-7,663
Equity Sep 30, 2019	5,000	6,701	20,101	115	-661	-5,133	45,907	72,031
(EUR 1,000)	A	B	C	D	E	F	G	H
Equity Jan 1, 2018	5,000	6,701	18,524	228	-80	-2,701	30,251	57,923
Comprehensive income								
Profit for the review period	0	0	0	0	0	0	10,852	10,852
Change in fair value of equity investments at fair value through other comprehensive income	0	0	0	6	0	0	0	6
Cumulative translation adjustment	0	0	0	0	0	-1,352	0	-1,352
Total comprehensive income for the year	0	0	0	6	0	-1,352	10,852	9,506
Transactions with owners								
Dividends	0	0	0	0	0	0	-5,684	-5,684
Directed share issue	0	0	1,577	0	0	0	0	1,577
Purchase of own shares	0	0	0	0	-401	0	0	-401
Share-based incentive plan	0	0	0	0	212	0	0	212
Transactions with owners, total	0	0	1,577	0	-189	0	-5,684	-4,295
Equity Sep 30, 2018	5,000	6,701	20,101	235	-269	-4,054	35,419	63,133

NOTES

General

Etteplan provides solutions for industrial equipment and plant engineering, software and embedded solutions, and technical documentation solutions to the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products, services 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 2018, Etteplan had a turnover of approximately EUR 236 million. The company currently has over 3,400 professionals in Finland, Sweden, the Netherlands, Germany, Poland and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETTE ticker.

The Etteplan Oyj Board of Directors has approved this Interim Report for publication at its meeting on October 31, 2019.

Basis for preparation

Figures are presented in thousands or millions of euros as described in connection with each figure. The figures presented are rounded from exact figures and consequently, the sum of figures presented individually can deviate from the presented sum figure. Key figures have been calculated using exact figures.

This Interim Report has not been prepared in accordance with all the requirements in IAS 34 (Interim Financial Reporting) standard. The Interim Report has been prepared according to the recognition and valuation principles presented in the 2018 Annual Financial Statements, except for the following change in standard, effective from January 1, 2019 onwards:

IFRS 16 "Leases" -standard requires the lessees to recognize lease agreements on the balance sheet as lease liabilities and related right-of-use assets.

The Group adopted the standard on January 1, 2019 using the simplified approach and does not restate comparative figures. The new standard has a material effect on the Group's balance sheet, cash flow statement and key figures, as the rental agreements for the Group's office premises were classified as operating leases, which were not recognized in the balance sheet before implementing the standard. At the time of implementing the standard a lease liability of EUR 12 million was recognized, corresponding to the discounted future rent payments. Right-of-use assets were recognized in the balance sheet equal to the amount of the additional liability. The table below describes the formation of IFRS 16 lease liability on Jan 1, 2019.

(EUR 1,000)	
Operating lease commitment at Dec 31, 2018 as disclosed in the Group's consolidated financial statements	9,758
Discounted with Group weighted average incremental borrowing rate, 2%	9,542
Extension and termination options reasonably certain to be exercised	2,795
Finance lease liability recognized as at Dec 31, 2018	3,899
IFRS 16 lease liability at Jan 1, 2019	16,236

In applying the IFRS 16 for the first time, the Group used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristic

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Accounting policies requiring management's judgment and key sources of uncertainty concerning estimates

This release includes forward-looking statements, which are based on the current expectations, known factors, decisions and plans of the management. The management believes that the expectations reflected in such forward looking statements are reasonable. However, outcomes could differ materially from those implied in the forward-looking statements as a result of, among other factors, changes in economic, market and competitive conditions as well as changes in the regulatory environment and fluctuations in exchange rates. The key sources of estimation uncertainty were the same as those that applied to the 2018 consolidated financial statements. Management pays special attention to fair value measurements in connection with acquisitions and revenue recognition for fixed price projects.

The Group's management may have to make judgement-based decisions relating to the choice and application of accounting policies. This particularly concerns situations, where effective IFRS standards allow alternative valuation, recording and presenting manners.

The Group's management has exercised judgment in implementing the new IFRS 16 standard effective in 2019. Management judgment is exercised, among other things, in determining the extent to which extension options included in lease agreements are used. The Group's management has determined the available extension options to be used in such a way that extension options are used up to 18 months in lease agreements with non-cancellable term of under 18 months and for lease agreements with non-cancellable term of 18 months or more no extension options are used, which the management believes to give the most accurate view of the Group's total lease liability.

Non-IFRS key figures

Etteplan presents non-IFRS key figures to supplement its consolidated financial statements which are prepared in accordance with IFRS. These key figures are designed to measure growth and provide insight into the company's underlying operational performance. This section describes the most important non-IFRS key figures used by the Group. Formulas for key figures (IFRS and Non-IFRS) are presented at the end of this release.

Operating profit (EBITA) and EBITA, %

Operating profit (EBITA) is presented, because it reflects the Group's operational performance better than Operating profit (EBIT). Operating profit (EBITA) does not include amortization of fair value adjustments at acquisitions. EBITA, % presents Operating profit (EBITA) as a percentage share of revenue. The table below shows a reconciliation between Operating profit (EBITA) and Operating profit (EBIT).

(EUR 1,000)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Operating profit (EBIT)	5,693	4,385	17,265	14,453	20,184
Amortization on fair value adjustments at acquisitions	893	652	2,228	1,719	2,371
Operating profit (EBITA)	6,586	5,038	19,493	16,172	22,555

Organic/un-organic growth and growth in comparable currencies

Organic (revenue) growth is presented in addition to total revenue growth, because it improves the comparability of revenue growth between periods by presenting the revenue growth without the effects of the last 12 months' acquisitions. Organic growth is calculated by comparing revenue between comparison periods excluding revenue from acquisitions that have taken place in the past 12 months. The revenue growth created by last 12 months' acquisitions is presented as un-organic growth. Revenue growth in comparable currencies is presented, because it improves the comparability of revenue growth between periods by presenting the revenue growth with comparable exchange rates. For the calculation of growth in comparable currencies, revenue for the current period is calculated by using the comparable period's exchange rates. The figure is presented for Group revenue and organic growth.

The share of revenue represented by Managed Services

Etteplan measures the share of revenue represented by Managed Services (MSI Index). Managed Services are service solutions, such as projects and continuous services, where the customer pays for results instead of resources. The share of revenue represented by Managed Services is presented, because it describes Etteplan's strategy implementation and explains, in part, the changes in profitability.

Key figures without effects of IFRS 16 implementation

To improve comparability between years 2018 and 2019 Etteplan provides during 2019 additional financial information without the effects of IFRS 16 "Leases" -standard on those of its key figures which are most affected by the implementation of the standard (on Jan 1, 2019).

(EUR 1,000)	1-9/2019	1-9/2019 without IFRS 16 effects
Operating profit (EBIT)	17,265	17,191
Operating cash flow	15,359	10,392
Financing cash flow	-5,322	-355
Gross interest-bearing debt	58,480	46,427
Equity ratio, %	39.4	42.2
Net gearing, %	72.1	55.3
Gross investments	29,398	24,378
Tangible assets	17,374	5,320

Key Figures

(EUR 1,000)	1-9/2019	1-9/2018	1-12/2018	Change
Revenue	191,493	173,590	236,477	10.3 %
Operating profit (EBITA)	19,493	16,172	22,555	20.5 %
EBITA, %	10.2	9.3	9.5	
Operating profit (EBIT)	17,265	14,453	20,184	19.5 %
EBIT, %	9.0	8.3	8.5	
Profit before taxes	16,813	13,916	19,396	20.8 %
Profit before taxes, %	8.8	8.0	8.2	
Return on equity, %	25.8	23.9	24.4	
ROCE, %	20.3	21.1	21.3	
Equity ratio, %	39.4	42.0	42.9	
Gross interest-bearing debt	58,480	40,956	36,252	42.8 %
Net gearing, %	72.1	54.7	29.8	
Balance sheet, total	187,249	152,544	160,564	22.8 %
Gross investments	29,398	16,775	16,527	75.2 %
Operating cash flow	15,359	7,225	23,055	112.6 %
Basic earnings per share, EUR	0.54	0.44	0.62	22.7 %
Diluted earnings per share, EUR	0.54	0.44	0.62	22.7 %
Equity per share, EUR	2.90	2.54	2.72	14.4 %
Personnel, average	3,254	2,970	2,995	9.6 %
Personnel at end of the period	3,440	3,050	3,055	12.8 %

Revenue

The tables below present the division of external revenue by geographical area and by timing of revenue recognition. The external revenue of each geographical area is presented according to the location of the seller. 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)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Primary geographical location					
Finland	38,835	35,972	129,925	118,020	161,571
Sweden	12,949	10,386	40,406	36,982	50,353
China	1,836	2,098	5,323	5,646	7,587
Central Europe	7,920	4,139	15,839	12,942	16,966
Total	61,539	52,595	191,493	173,590	236,477
Timing of revenue recognition					
Transferred at a point in time	533	489	1,799	1,314	1,969
Transferred over time	61,006	52,106	189,694	172,276	234,508
Total	61,539	52,595	191,493	173,590	236,477

Non-recurring items

Items that are material either because of their size or their nature, and that are non-recurring, are considered as non-recurring 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)	7-9/2019	7-9/2018	1-9/2019	1-9/2018	1-12/2018
Other operating income	1,100	213	1,636	431	681
Staff costs and other operating expenses	-318	-250	-1,026	-774	-1,012
Operating profit (EBIT)	782	-37	610	-343	-331

Revenue and Operating profit (EBIT) by quarter

(EUR 1,000)	1-3/2019	1-3/2018	4-6/2019	4-6/2018	7-9/2019	7-9/2018
Revenue	65,625	58,964	64,329	62,031	61,539	52,595
Operating profit (EBIT)	5,772	4,415	5,801	5,653	5,693	4,385
EBIT, %	8.8	7.5	9.0	9.1	9.3	8.3

Business combinations

EMP Engineering alliance

Etteplan Oyj expanded its operations in Germany to engineering services and acquired EMP Engineering Alliance, a company specializing in industrial automation and process engineering on July 4, 2019. The acquisition is in line with Etteplan's growth strategy, at the core of which is organic growth and strengthening the company's expertise and market position through acquisitions. Previously Etteplan was offering services for technical documentation in Germany. Established in 1984, EMP Engineering Alliance specializes in industrial automation and electrical engineering as well as process engineering, and has companies such as Bayer, Shell and ABB as well as a numerous amount of other process industry companies as customers. In 2018, EMP Engineering Alliance's revenue totaled EUR 16.8 million, and it employs more than 130 experts in process automation in four different cities: Leverkusen, Berlin, Bottrop and Frankfurt.

The acquisition consideration recognized at the time of the acquisition, paid in cash, was EUR 13,494 thousand in total.

The goodwill of EUR 8,730 thousand arising from the acquisition is attributable to the technical know-how of the acquiree's personnel, and the company's operating model. None of the goodwill recognized is expected to be deductible for income tax purposes.

The following table summarizes the provisional values of acquisition consideration, assets acquired and liabilities assumed.

Consideration transferred:	(EUR 1,000)
Cash payment	13,494
Total consideration transferred	13,494
Assets and liabilities	
Tangible assets	1,749
Intangible assets	12
Customer relationships (intangible assets)	5,935
Trade and other receivables	3,100
Cash and cash equivalents	420
Total assets	11,216
Non-current liabilities	450
Current liabilities	4,519
Deferred tax liability	1,484
Total liabilities	6,452
Total identifiable net assets	4,764
Formation of Goodwill:	
Consideration transferred	13,494
Total identifiable net assets	-4,764
Goodwill	8,730

Trade and other receivables comprise gross contractual amounts of EUR 3,100 thousand, none of which was expected to be uncollectible at time of acquisition.

Costs related to the acquisition, EUR 216 thousand, are included in other operating expenses in the consolidated statement of comprehensive income.

Changes in contingent considerations

A profit of EUR 1,636 thousand was recognized in the income statement from premeasurements of a contingent consideration related to a previous acquisition.

Formulas for key figures

IFRS key figures

Earnings per share =
$$\frac{(\text{Profit for the review period attributable to equity holders of the parent company}) \times 100}{\text{Issue adjusted average number of shares during the review period}}$$

Diluted earnings per share =
$$\frac{(\text{Profit for the review period attributable to equity holders of the parent company adjusted with dilutive effect}) \times 100}{\text{Issue adjusted average number of shares during the review period adjusted with dilutive effect}}$$

Non-IFRS key figures

Operating profit (EBITA) = Operating profit (EBIT) + amortization on fair value adjustments in acquisitions

Organic growth =
$$\frac{(\text{Revenue current year} - \text{Revenue comparison year} - \text{Revenue from acquirees current year}) \times 100}{\text{Revenue comparison year}}$$

Revenue growth from key accounts =
$$\frac{(\text{Revenue from key accounts current year} - \text{Revenue from key accounts comparison year}) \times 100}{\text{Revenue from key accounts comparison year}}$$

The share of revenue represented by Managed Services =
$$\frac{\text{Revenue from Managed Services} \times 100}{\text{Revenue}}$$

Return on equity (ROE) =
$$\frac{\text{Profit for the review period} \times 100}{(\text{Equity, total}) \text{ average}}$$

Return on capital employed (ROCE), before taxes =
$$\frac{(\text{Profit before taxes} + \text{Financial expenses}) \times 100}{(\text{Total equity and liabilities} - \text{non-interest bearing liabilities}) \text{ average}}$$

Equity ratio, % =
$$\frac{\text{Equity, total} \times 100}{\text{Total equity and liabilities} - \text{Advances received}}$$

Gross investments = Total investments made to non-current assets including acquisitions and capitalized development costs

Net gearing, % =
$$\frac{(\text{Interest-bearing liabilities} - \text{Cash and cash equivalents}) \times 100}{\text{Equity, total}}$$

Equity per share =
$$\frac{\text{Equity, total}}{\text{Adjusted number of shares at the end of the review period}}$$

Market capitalization = Number of outstanding shares at the end of the review period x last traded share price of the review period