

Financial Statement Bulletin 1-12/2013

Feb. 7th, 2014 / Juha Varelius, CEO

Tax_return_completed

Tender_accepted

Pensions_paid

Customer_feedback_received

New_shift_accepted

Customer_feedback_sent

Reporting Period Summary

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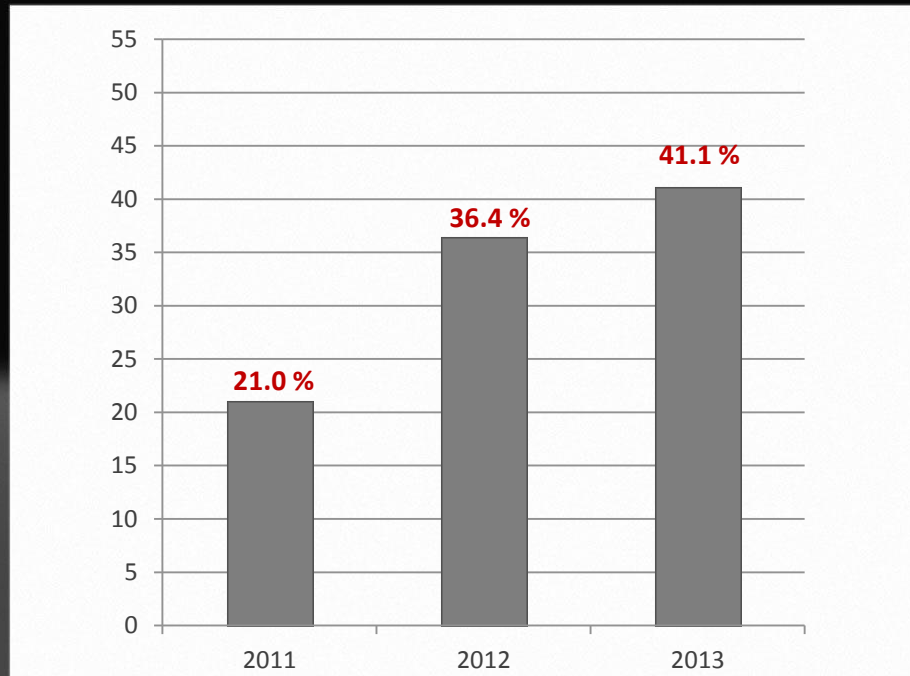
Summary for 1-12/2013

- Turnover decreased slightly
 - Turnover **99.7 MEUR** (100.4), down **-0.7 %**
 - In 2012 the company had EUR 4.5 million in accrued income from the mobile contract engineering business, which no longer existed in 2013 as the business unit was closed down at the end of 2012.
 - The comparison figures for 2012 also include an exceptional net sales item of EUR 4.2 million related to a Qt business acquisition licensing deal made in the third quarter of 2012. (1,7 MEUR of this has been allocated to fiscal year 2013)
 - Comparable turnover increased
 - Excluding the effect of the factors mentioned above, the company's like-for-like consolidated net sales increased by **6.7 %** during the period.
- Operating profit decreased notably
 - Operating profit before extraordinary items **4.5 MEUR** (8.2)
 - Extraordinary items comprise a EUR 7.0 million writedown and EUR 0.4 million in restructuring costs for reorganization purposes
 - Operating profit after extraordinary items **-2.8 MEUR** (6.9)
- Profitability (EBIT%) before extraordinary items **4.6 %** (8.2 %)
- Earnings per share before extraordinary items **0.15 EUR** (0.26 EUR)

Q4 Summary

- Turnover increased **26.8 MEUR** (25.5), growth **+5.2 %**
 - Growth has continued throughout Q2-Q4 in 2013
- Operating profit before extraordinary items grew significantly **2.1 MEUR** (1.0)
 - Due to the writedown and restructuring costs, operating profit after extraordinary items was negative **-5.3 MEUR** (0.2)
- Profitability (EBIT%) before extraordinary items **7.8 %** (3.8 %) and after extraordinary items **-19.7 %** (1.0)
- Earnings per share before extraordinary items **0.09 EUR** (0.03) and after extraordinary items **-0.26 EUR** (-0.01)
- Digia gave up its loss-making business in Russia. Going forward, the Russian unit will be focusing on Qt licence sales.

Product business
41.0 MEUR (36.5)
growth **12,3 %**

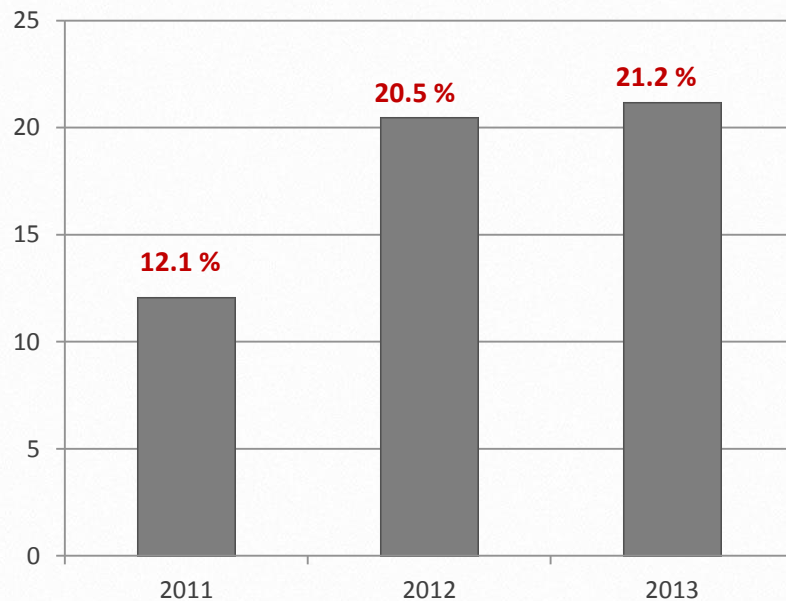


Product business continued to grow

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International business
21.1 MEUR (20.6)
growth **2.4 %**



International business grew slightly

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Markets and outlook



Markets and Digia's business

- Caution arising from the economic situation caused cost pressures and lengthened customers' decision-making processes.
- Digia has invested in growing its integration business (e.g. recruitment, training).
- Demand for ERP systems was good in the review period. However, demand varies from sector to sector.
- With the structural reorganization that took effect at the beginning of 2014, Digia hopes to improve efficiency. (no personnel reductions).
- From the beginning of 2014, the company will report its figures according to two business segments: Qt and Domestic.



Outlook: Digia Domestic

- The company expects the Finnish IT market to remain at roughly the previous year's level in 2014.
- In domestic operations, the company will look to bring profitability to a good level and to achieve organic growth that at least matches the general market rates.
- Efforts will continue to develop the company's customer understanding and sales and service portfolio.
- Demand for ERP systems is expected to remain at a good level, although economic caution is reflected in the sales cycles.
- Demand for integration services is also expected to remain at a good level, although customers' cost-saving pressures may result in a slightly slower rate.
- Cost-pressures felt by customers will have an impact mostly on the demand for customer-specific solutions and services: decision-making may be delayed, especially in larger projects.



It takes courage to envision new things.
Ability with passion.

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International software business

Qt: Summary for 1-12/2013

- Net sales grew **19.9 MEUR** (18.7), growth **+6.2 %**
- Comparable turnover (excluding the effects of the Q3/2012 Qt deal) grew **25.0 %** (18.2 MEUR vs. 14,5 MEUR)
- Qt business' share of the company's total turnover was **19.9 %**
- Profitability was low, due to significant growth-oriented investments.
- Demand and bid volumes were both good.
- The focus of Qt operations was primarily on licence sales, which meant that the product business accounted for more than the target level of 75% of net sales.
- In 2013, Digia continued Qt product development, releasing new versions to the market, e.g. Qt Mobile Edition and Qt 5.2



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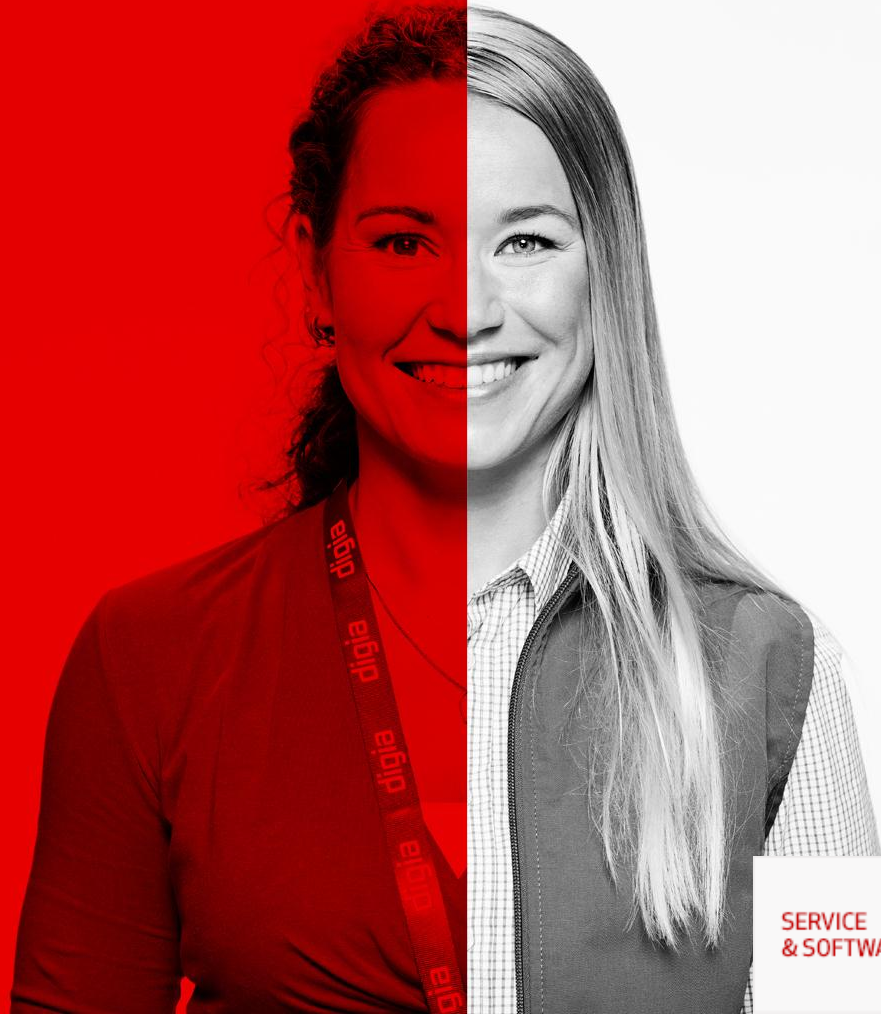
Qt: Outlook

- Digia expects the Qt business to continue on a strong growth-track also in 2014.
- Focus on enabling growth:
 - Strengthening the sales and distribution network
 - Product development
- Investments made with the aim of securing growth will have a negative impact on profitability also in 2014.
- Contract lead times are very long in the large enterprises customer segment (6-18 months), causing significant fluctuations between quarters in terms of net sales and profitability.
- In the future, the Chinese and Russian units will form part of the Qt segment. Cooperation with a local distributor will strengthen presence in Korea.



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Thank you

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