

# Interim Report 1-9/2013

1.11.2013 / 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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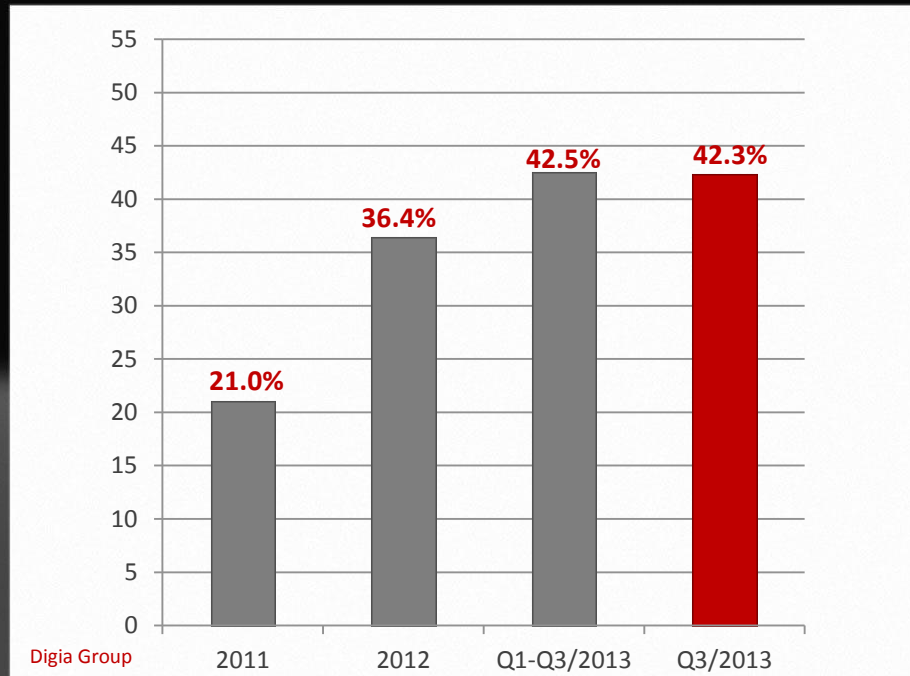
# Summary for 1-9/2013

- Turnover decreased slightly
  - Turnover **EUR 73.0** (75.0) million
  - Comparison year 2012 contains EUR 4.0 million of turnover from contract engineer services, which the company no longer hasn't had during the reporting period, leading to decrease of the turnover
  - Comparison year 2012 also contains EUR 3.8 million of extraordinary turnover attributable to Qt-acquisition closed in Q3/2012
- Comparable turnover increased slightly
  - Excluding the effect of the Qt-deal and closed contract engineering business turnover was **EUR 71.7** (67.2) million, **up 6.7%**
- Operating profit decreased notably
  - Profit **EUR 2.5** (EUR 7.2 before one-off items 1-9/2012) million
  - Decrease due to investments into Qt-business and loss-making Russia business
  - Moreover, comparison year 2012 contains EUR 3.2 million of extraordinary profit attributable to Qt-deal
- Profitability (EBIT%) **3.4%** (9.6 before one-off items 1-9/2012)
- Earnings per share **EUR 0.06** (0.23 before one-off items 1-9/2012)

# Q3 Summary

- Turnover decreased
  - Turnover **EUR 21.4** (24.4) million
  - Decrease due to the EUR 3.8 million of extraordinary turnover attributable to Qt-acquisition included in the figures of the comparison year 2012
- Comparable turnover increased slightly and was **EUR 21.0** (20.2) million, **up 4.0%**
- Operating profit decreased due to the comparison effect of the Qt-deal and was EUR 1.0 (4.5) million
- Profitability (EBIT%) **4.7%** (18.6)
- Earnings per share **EUR 0.02** (0.15)
- After Q3 Digia's Board has decided to withdraw from the loss-making Russia business during Q4/2013

Product business  
**EUR 31.0** (27.4)  
million, up **13.1%**

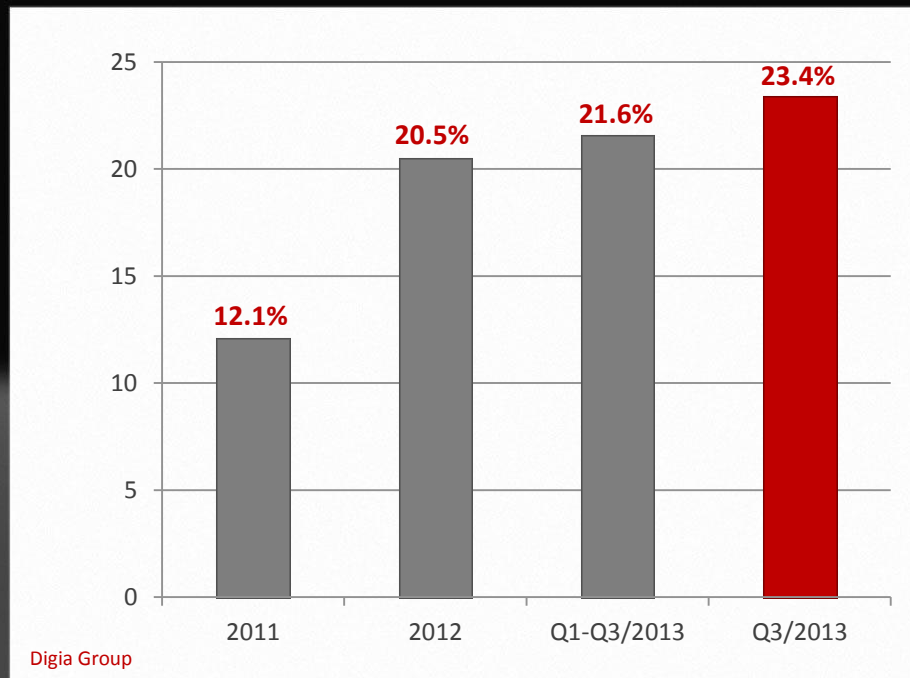


Product business grew significantly

SERVICE  
& SOFTWARE

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International business  
**EUR 15.8** (15.4)  
million, up **2.6%**



International business grew slightly

SERVICE  
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# Markets and Outlook





# Markets and Digia's business

- IT-service demand relatively steady, economic threats can to some extent been seen as postponed projects and customer price consciousness especially in the customer specific solutions business
- Demand for ERP systems in the reporting period was good, although with industry specific differences. Buying behaviour is still cautious and the sales cycles are long
- The integration business continued to grow. Company has strengthened the resources and invested into training in this business area
- Business in Russia was clearly behind its targets both in terms of turnover and profitability





# Outlook

- Company expects the IT market to remain at roughly the previous year's level in 2013. No noteworthy growth is foreseeable in 2014 either
- Company is focusing heavily on paving the way for growth. Besides organic growth, the company will actively pursue opportunities to make carefully considered business acquisitions that support its strategy
- Company expects its domestic business to remain stable, integration services are expected to show strong growth during Q4
- Company estimates the year 2013 turnover to be at last years level
- Company estimates its profitability to develop favourably during Q4

Ability, passion and  
technology. Together.



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# Qt Business



- Qt business progressed well during the review period
- Turnover increased slightly and accounted for **EUR 14.7** (14.3) million
- Comparable turnover (excluding the effects of the Q3/2012 Qt deal) grew significantly, **27.9%** in the review period (MEUR 10.5 → 13.4 ) and **28.3%** (MEUR 3.5 → 4.5) in Q3
- Several significant large account contracts were signed during the review period, in Q3 the turnover effect of these was not exceptional



# Qt Business



- Sales particularly good in the US, Germany and China, whose sales organisation has been reorganised and strengthened
- As expected, profitability weak particularly in the beginning of the review period, due to increased cost structure following the Qt acquisition made on Q3/2012. However, profitability improved during the reporting period but was slightly below expectations in Q3
- After the review period company has published a new Qt Mobile Edition version of Qt-development framework targeted to mobile developers



# Outlook



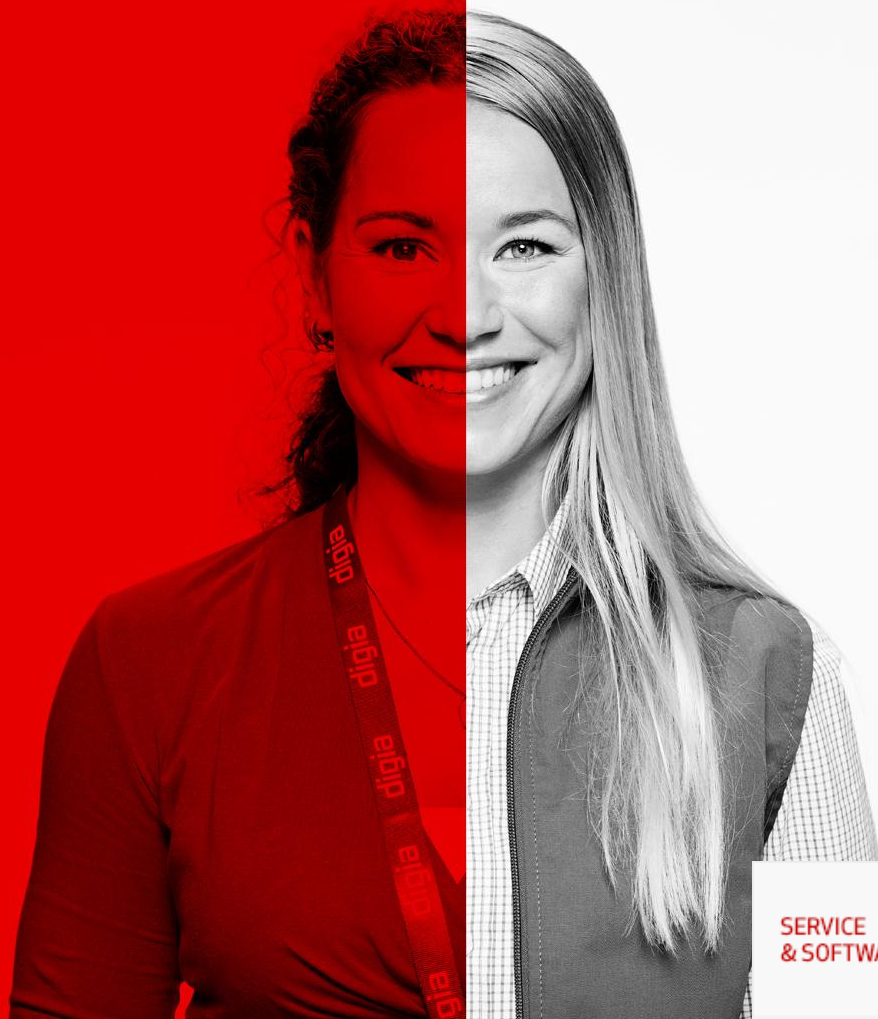
- Company expects the Qt business to continue to grow and profitability to develop favourably
- Increase in demand in the major customer markets is expected to continue, however, contract turnaround times are very long, typically around 6–18 months
- Significant fluctuation in quarterly net sales and profitability probable, single contracts having great effects
- Investments in Qt business and technology development will continue
- Qt Mobile Edition and version 5.2 of Qt development framework to become available in the end of the year 2013



Results speak for themselves. And work as promised. That, if anything, is very Finnish of us.



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Everyday value



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# Thank you

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