

Digia Plc: Q4 and Financial Statement Bulletin 2014

5 February 2015 / Juha Varelius, CEO

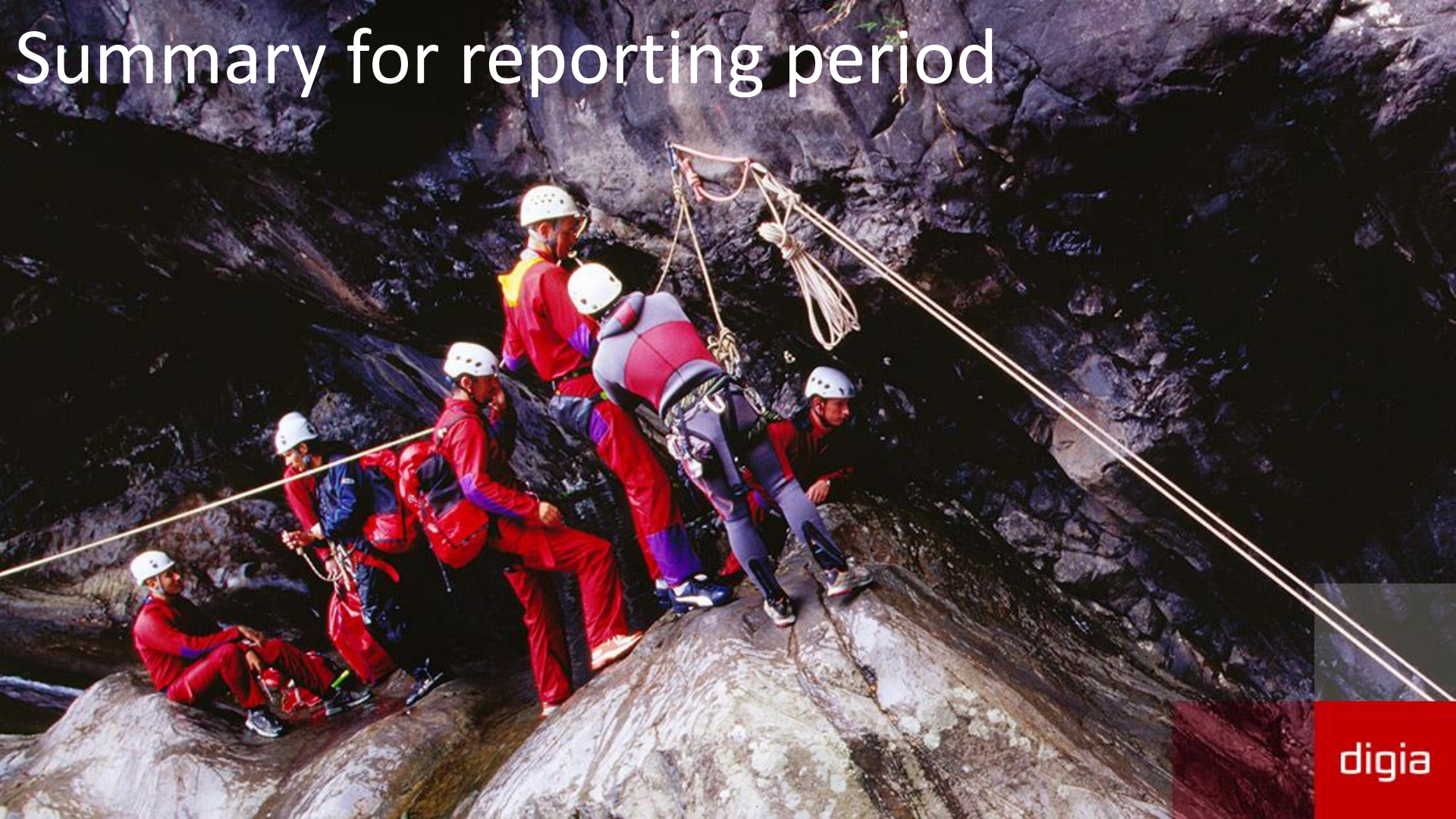
SERVICE
& SOFTWARE

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Summary for reporting period



Summary for Q4 2014

- Domestic business showed very good profitability
- Qt in strong growth
- Net sales increased slightly
- Operating profit before extraordinary items increased
- Profitability almost on a good level

Group key figures Q4 2014

	9-12/2014	9-12/2013	Change%
Net sales	27.2 MEUR	26.8 MEUR	1.7
Operating profit before extraordinary items	2.5 MEUR	2.1 MEUR	17.5
Operating profit after extraordinary items	2.3 MEUR	-5.3 MEUR	
Profitability (EBIT%) before extraordinary items	9.0%	7.8%	
Profitability (EBIT%) after extraordinary items	8.5%	-19.7%	
Earnings per share before extraordinary items	0.09 EUR	0.09 EUR	
Earnings per share after extraordinary items	0.08 EUR	-0.26 EUR	

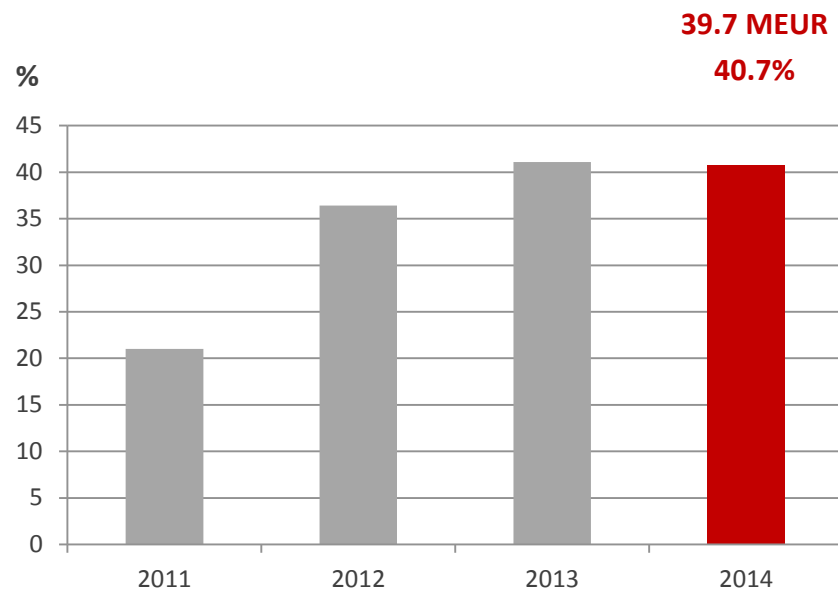
Summary for 2014

- Net sales decreased
- The decrease can be primarily attributed to exceptional net sales items included in the previous year's comparison figures and which did not exist in the reporting period
- Operating profit before extraordinary items reached the previous year's level
- Operating profit before extraordinary items from domestic operations increased clearly (17.0) compared to previous year's level

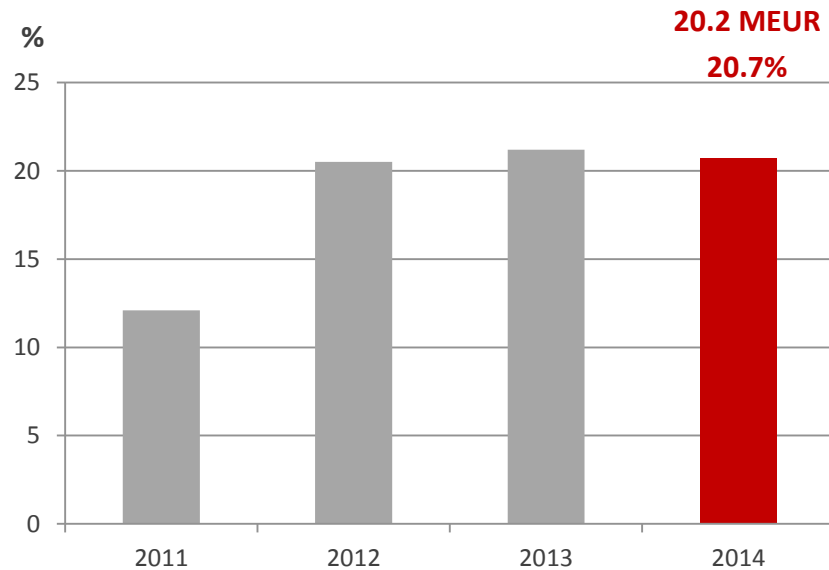
Group key figures 2014

	2014	2013	Change%
Net sales	97.4 MEUR	99.7 MEUR	-2.3
Operating profit before extraordinary items	4.5 MEUR	4.5 MEUR	-1,9
Operating profit after extraordinary items	4.3 MEUR	-2.8 MEUR	
Profitability (EBIT%) before extraordinary items	4.6%	4.6%	
Profitability (EBIT%) after extraordinary items	4.4%	-2.8%	
Earnings per share before extraordinary items	0.14 EUR	0.15 EUR	
Earnings per share after extraordinary items	0.14 EUR	-0.20 EUR	

Product business, net sales



International business, net sales



Market, business and outlook



Trends and growth themes

Digitalisation

- Consumerisation
- Self-service
- Value network
- Big Data
- Internet of Things (IoT)

IT as a service

- Outsourcing
- Localism

Business intelligence

Analytics

Digital services

Integration

Service Centre concepts

Cloud services



Domestic markets

- The Integration, Analytics and Site Optimization business performed extremely well during the reporting period. Digia recruited more personnel to meet the growing demand. Major investments were made in new business development.
- Similarly, demand for ERP systems was healthy. Demand for Digia's own software products and services in the Finnish financial sector was particularly good. Order and bid volumes are at a healthy level.
- Customers' cost pressures affected the pricing of tailored solutions and services, and thereby to net sales and profitability. Furthermore, some challenges experienced with a few fixed-price projects also eroded profitability.

Domestic segment / Q4 2014

- Net sales and operating profit before extraordinary items at previous year's level
- Very good profitability (EBIT%) before extraordinary items, 12.6%

	9-12/2014	9-12/2013	Change%
Net sales	21.4 MEUR	21.8 MEUR	-1.8
Operating profit before extraordinary items	2.7 MEUR	2.7 MEUR	1.5

Domestic segment / year 2014

- Net sales decreased.
- Net sales decline could be primarily attributed to the extraordinary EUR 2.4 million low-margin maintenance deal for a third-party software product included in the figures for 2013 but not for 2014.
- Operating profit improved from the weak first half towards the end of the review period, particularly in the final quarter => an increase of 17.0% from the previous year.

	1-12/2014	1-12/2013	Change%
Net sales	77.0 MEUR	79.9 MEUR	-3.5
Operating profit before extraordinary items	6.3 MEUR	5.4 MEUR	17.0

Share of the Group's net sales

79.1%

Outlook: Domestic

- The objective of Digia's domestic business is good profitability and organic growth at least equivalent to general market development. Besides organic growth, the company actively pursues opportunities to make carefully considered business acquisitions that support its strategy.
- Efforts will continue to develop Digia's customer understanding and sales and service portfolio to ensure that it can offer increasingly competitive services and solutions for boosting its customers' business efficiency.
- Digia expects healthy demand to continue in the domestic business, and net sales to grow slightly in 2015 from the previous year.
- Domestic business is also expected to be at least moderately profitable. However, historically the company's profitability has always been weaker in the first quarter than in the rest of the year.

Qt's international market

- The Qt user ecosystem has seen powerful growth. Feedback from users has been extremely positive.
- During the period, Digia continued to implement the previously reported Qt product development plans. During the period, a new Qt 5.4 version was launched involving changes in the open source code licence. The objective of licensing changes is to promote the sale of licences to commercial players.
- Overall, special attention has been paid to sales enhancement, with several development projects currently in progress.



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Qt segment / Q4 2014

- Strong growth in net sales
- Operating result still slightly negative

	9-12/2014	9-12/2013	Change%
Net sales	5.8 MEUR	5.0 MEUR	17.3
Operating profit before extraordinary items	-0.2 MEUR	-0.6 MEUR	



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Qt segment / year 2014

- Overall, net sales improved somewhat from the previous year thanks to strong Q4.
- Full-year net sales failed to reach the target.
- Investments in business growth and the weaker than expected net sales development eroded profitability.
- Although business was in the red throughout the reporting period, development has been positive since Q1 and losses from operations have been minor.

	1-12/2014	1-12/2013	Change%
Net sales	20.4 MEUR	19.9 MEUR	2.6
Operating profit before extraordinary items	-1.9 MEUR	-0.8 MEUR	

Share of the Group's net sales

20.9%



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Outlook: Qt

- In the Qt business, operational focus is on sales development and on creating better growth opportunities. Besides making growth-targeted investments, Digia is also keeping a close eye on business profitability.
- The Qt order book is satisfactory, considering the time of year and general market situation. However, long contract turnaround times can cause significant fluctuation in quarterly net sales and profitability.
- Sales growth is expected from embedded systems, in particular, and it will also reflect on the earnings logic. Licence revenue from these sales accumulates over the longer term rather than representing a one-time payment.
- Digia expects the Qt business to grow its net sales in 2015 from the previous year, and to generate a slight operating profit for the full year.



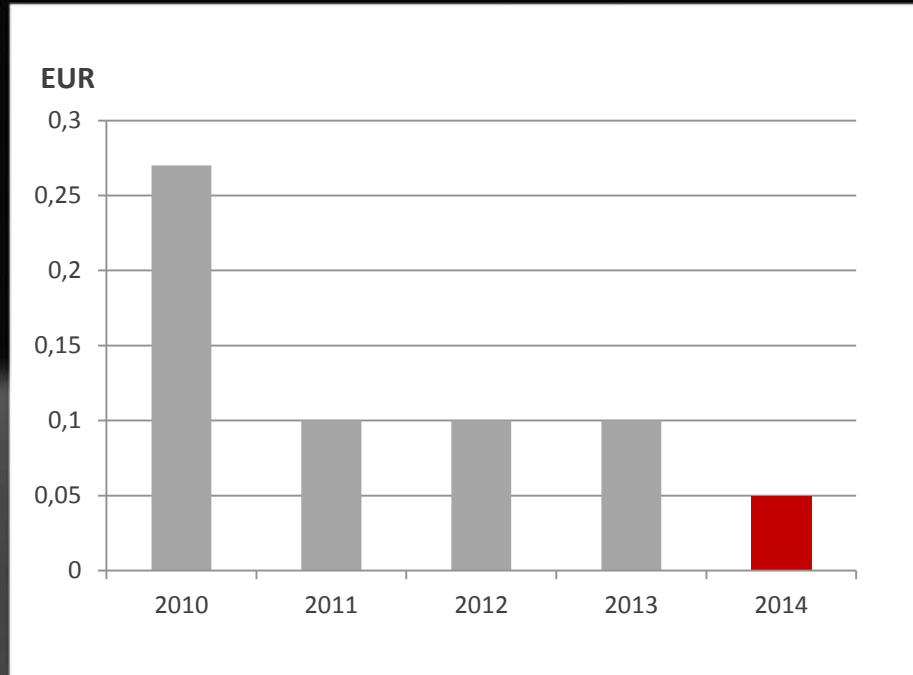
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Proposal for dividend distribution

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Proposal for dividend distribution



On 31 December 2014, the distributable shareholders' equity of Digia Plc was EUR 32,592,518, of which EUR 1,774,483 was the net profit for the year.

At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.05 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2014.

Thank you!

Next in IR calendar:

Annual General Meeting 12 March 2015

Q1 result 30 April 2015