

# Interim Report 1-6/2014

8th of August 2014, Juha Varelius, CEO



Summary for reporting period

SERVICE &  
SOFTWARE



# Summary for 1-6/2014

## Digia Group

	1-6/2014	1-6/2013	Change%
Net sales	48 455	51 523	-6.0%
Operating profit	1 144	1 458	-21.5%
Profitability (EBIT-%)	2,4%	2.8	
Earnings per share	0.03	0.02	

# Segment information 1-6/2014

<b>NET SALES</b> <b>1000 EUR</b>	<b>1-6/2014</b>	<b>1-6/2013</b>	<b>Change%</b>	<b>2013</b>
Domestic	38 844	41 651	-6.7%	79 850
Qt	9 611	9 873	-2.6%	19 891

<b>OPERATING PROFIT *</b> <b>1000 EUR</b>	<b>1-6/2014</b>	<b>1-6/2013</b>	<b>Change%</b>	<b>2013</b>
Domestic	2 418	1 627	48.6%	5 395
Qt	-1 273	-169	-653.7%	-846

- Domestic YoY-comparison is affected by MEUR 2.4 low-profit sale of maintenance service for 3rd party sw-product concluded in Q2/2013.
- Qt YoY-comparison is affected by an extraordinary deal concluded in Q2/2013, whereof MEUR 1.1 more revenue was recognized in last year's comparison period than the period under review.
- Said extraordinary sale excluding, Qt's revenue increased by 10.0 per cent in the review period .

# Summary for 4-6/2014

## Digia Group

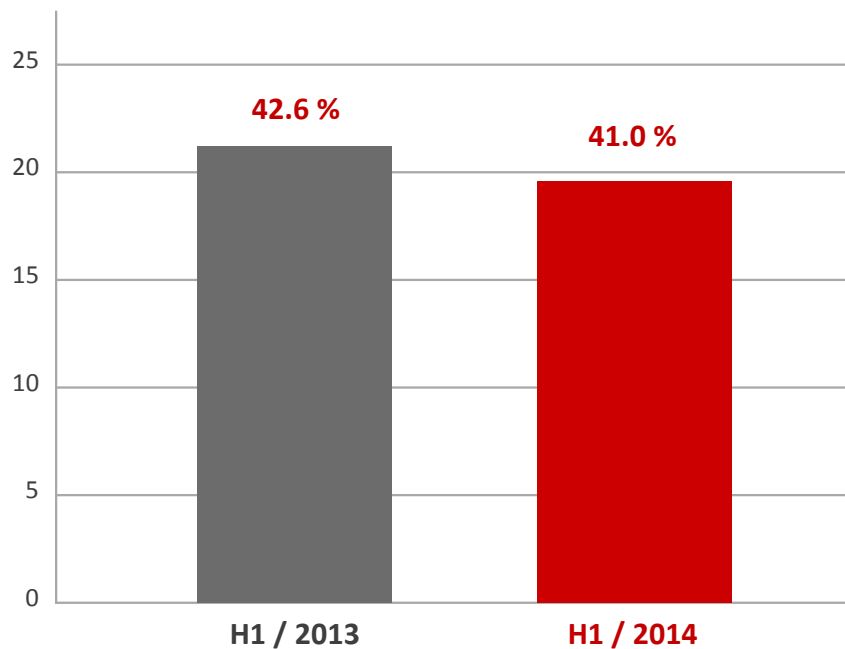
	4-6/2014	4-6/2013	Change%
Net sales	24 497	28 011	-12.5%
Operating profit	1 425	1 931	-26.2%
Profitability (EBIT-%)	5.8%	6.9%	
Earnings per share	0.05	0.04	

# Segment information 4-6/2014

NET SALES				
1000 EUR	4-6/2014	4-6/2013	Change%	2013
Domestic	19 663	22 093	-11.0%	79 850
Qt	4 834	5 918	-18.3%	19 891

OPERATING PROFIT *				
1000 EUR	4-6/2014	4-6/2013	Change%	2013
Domestic	1 772	1 180	50.2 %	5 395
Qt	-347	751	-146.2%	-846

- MEUR 2.4 low-profit sale concluded in Q2/2013 excluding the revenue in domestic segment was on the same level than in corresponding period last year.

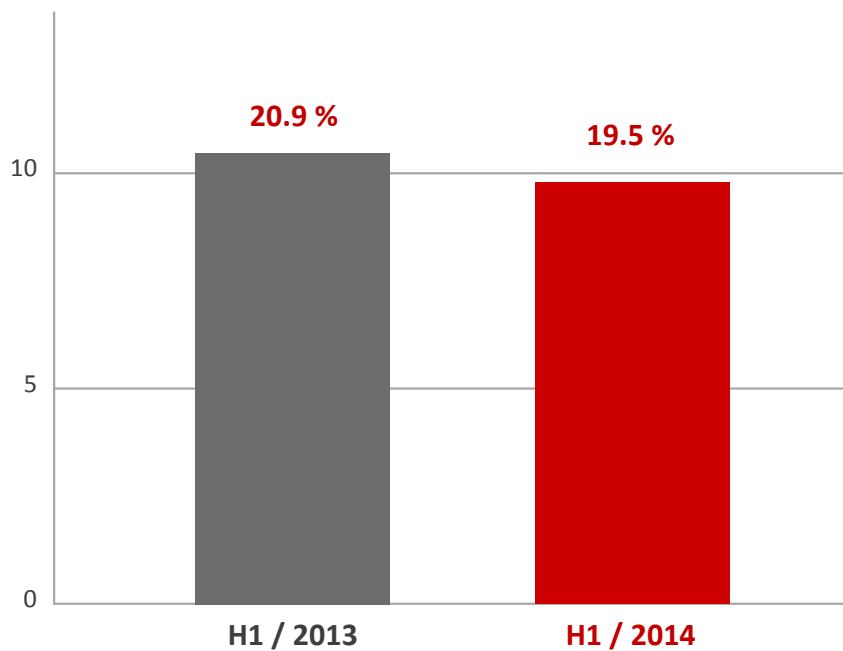


Product business  
**19.8 MEUR** (21.9)  
decrease **9.6%**

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International business

**9.5 MEUR** (10.8)

decrease **12.0%**

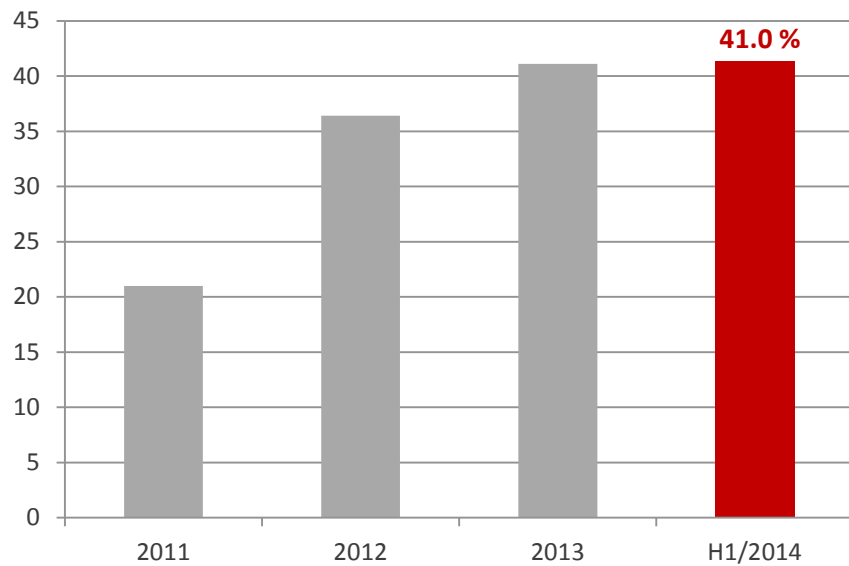
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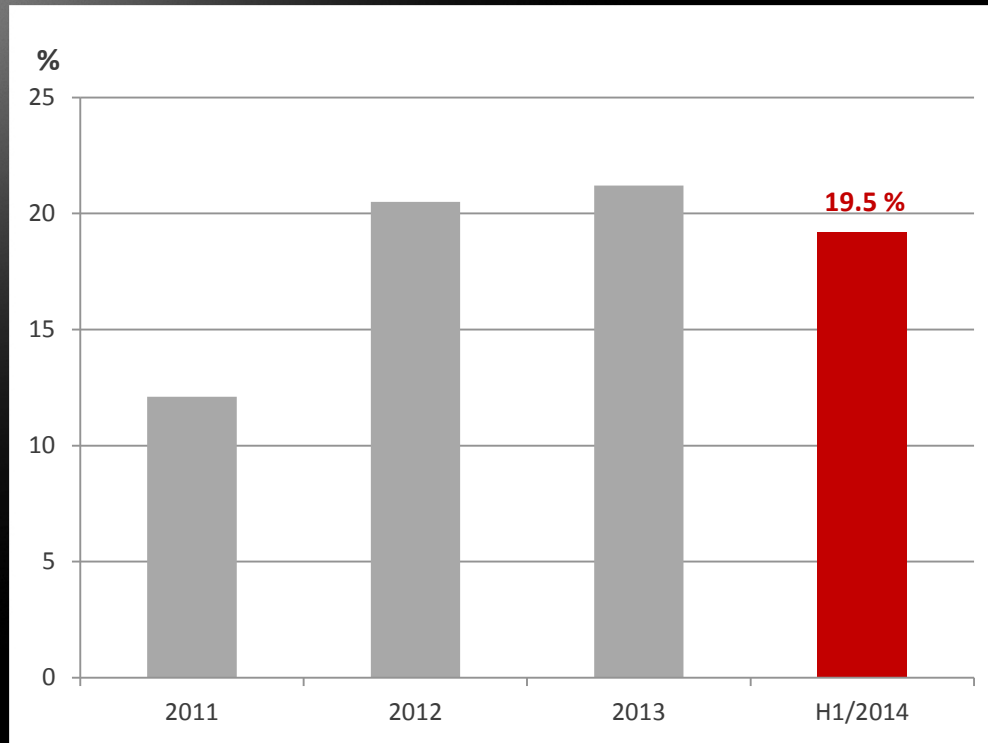


## Product business

%



## International business





Markets and outlook

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# Markets and Digia's business:

## Domestic

- Strong focus on growth in the business comprising integration, analytics and workforce management. Demand for services good. Development particularly good towards the end of the review period.
- Demand for ERP systems good (sector-specific differences). Sales cycles long, order book and bid volumes healthy.
- Market uncertainty most clearly reflected in the business for tailored solutions and services. Demand for services relatively good, customers' decision-making processes lengthened and many projects broken down into smaller orders.





# Future prospects: Domestic

- Finnish IT market expected to remain at roughly the previous year's level in 2014.
- The aim is to raise profitability to good level, and to achieve organic growth at least equivalent to general market development. Business acquisitions supporting strategy possible.
- Demand expected to remain good in all domestic business areas. Income from operations and operational profitability expected to remain at least on reasonable level during the rest of the year.



International software business

# Qt: summary for 1-6/2014

- Demand and bid volumes both good. Lengthened negotiations of many bigger deals have burdened revenue growth.
- Business made a loss during the period; significant, target-oriented investments aimed at developing the business.
- Network of distributors expanded to Korea. Efforts made to strengthen sales to large enterprises customer segment and European sales.
- Determined sales development will continue. Company is looking for a new leader for Qt business.





# Qt: market trends

- Great growth potential in embedded systems market
  - Tremendous interest in touch-based UIs
  - Qt's position strong, thanks to Qt Enterprise Embedded offering
- Software market centralizing on the *Internet of Things* and connected devices strategies
  - Qt caters for the need for fluid UIs, shorter time to market, performance and investment security
- Strong Qt ecosystem
  - Qt 5.2 still downloaded actively
  - Download pace of Qt 5.3 published in 5/2014 all time high – over 500,000 downloads in just over 2 months



***1 Million downloads of Qt 5.2 since its release in December 2013***



**digia**

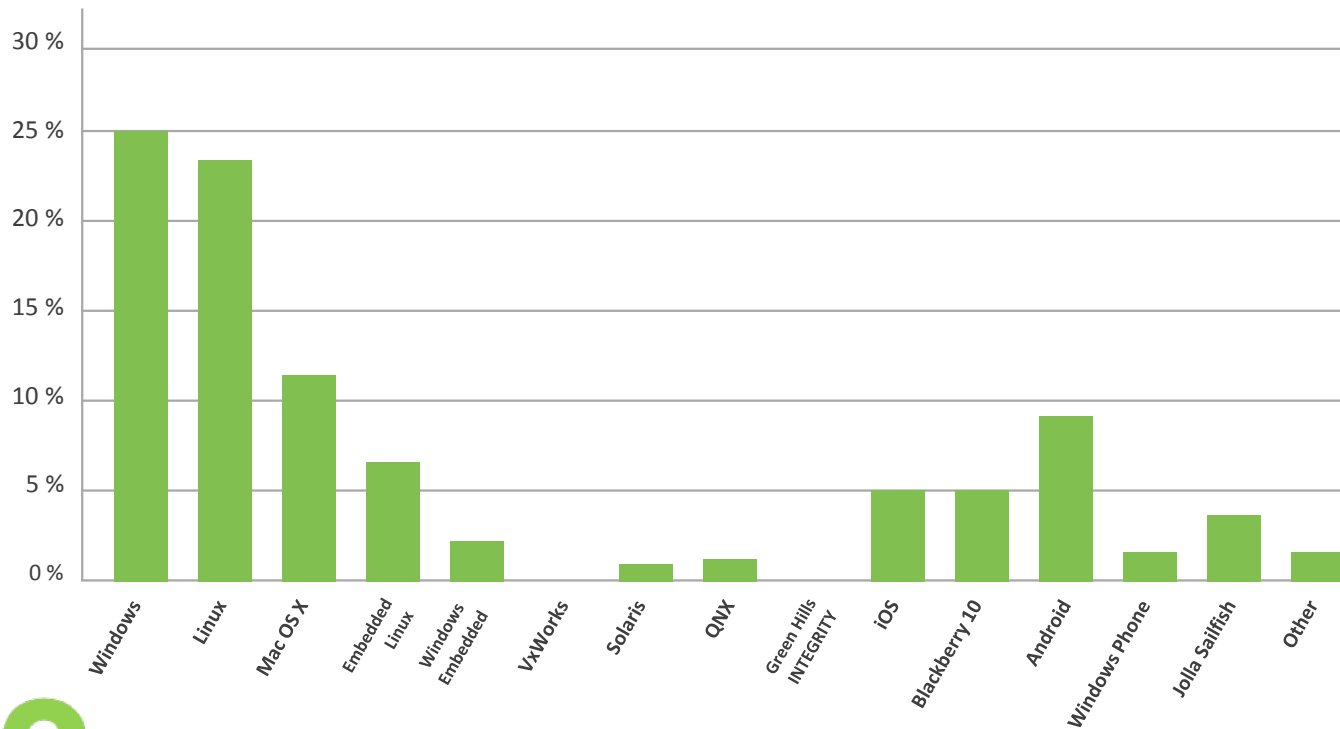
# Qt: future prospects

- Net sales from Qt business expected to grow in 2014 compared to 2013.
- Significant investments in Qt business and Qt technology will continue.
- Further investments in the business will continue to hold back profitability. The aim is that income from the Qt business should cover its expenses in the future.



digia

# Cross-platform development framework



3

Is the average # of OSs  
TARGETED BY Qt Users



digia

jolla

MAGNETI  
MARELLI

BlackBerry.

THALES



ABB

Panasonic

navico

HIGH END SYSTEMS



DAZ 3D



Some of our customers

95%

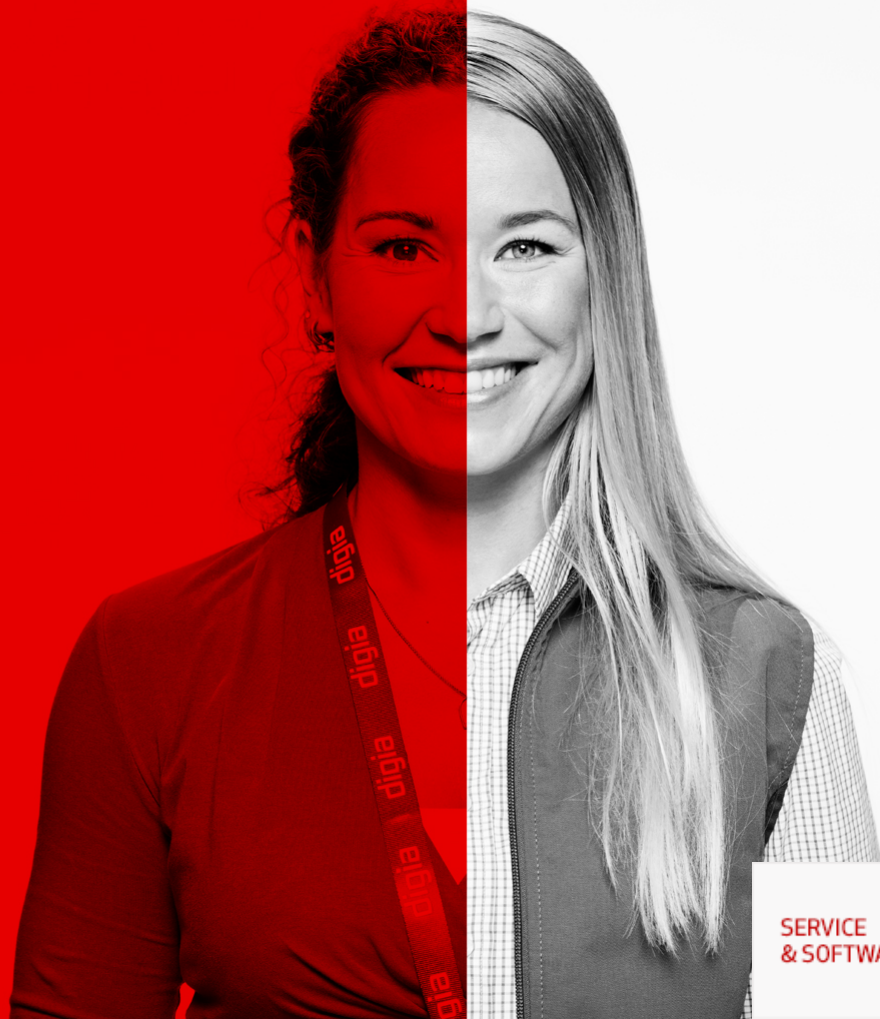
Qt users are  
satisfied

or  
Very Satisfied  
with Qt



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Everyday value



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# Thank you!

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