

Interim Report 1-9/2014

31th of October 2014, Juha Varelius, CEO



Summary for reporting period

SERVICE &
SOFTWARE



Summary for 1-9/2014

Digia Group

	1-9/2014	1-9/2013	Change%
Net sales	70 187	72 959	-3.8%
Operating profit	2 001	2 456	-18.5%
Profitability (EBIT-%)	2.9%	3.4%	
Earnings per share	0.06	0.06	

Segment information 1-9/2014

NET SALES 1000 EUR	1-9/2014	1-9/2013	Change%	2013
Domestic	55 627	58 052	-4.2%	79 850
Qt	14 560	14 908	-2.3%	19 891

OPERATING PROFIT 1000 EUR	1-9/2014	1-9/2013	Change%	2013
Domestic	3 616	2 741	31.9%	5 395
Qt	-1 614	-286	-465.1%	-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. Said sale excluding the revenue was on the last year's level.
- 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 5.8 per cent in the review period .

Summary for 7-9/2014


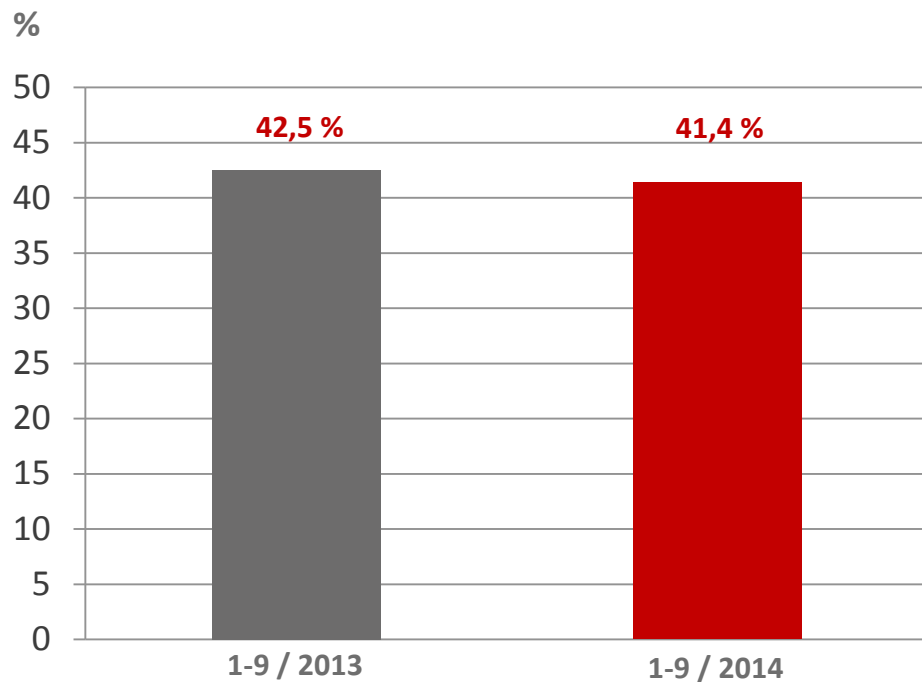
Digia Group

	7-9/2014	7-9/2013	Change%
Net sales	21 732	21 435	1.4%
Operating profit	857	997	-14.1%
Profitability (EBIT-%)	3.9%	4.7%	
Earnings per share	0.02	0.02	

Segment information 7-9/2014

NET SALES				
1000 EUR	7-9/2014	7-9/2013	Change%	2013
Domestic	16 783	16 401	2.3%	79 850
Qt	4 949	5 034	-1.7%	19 891

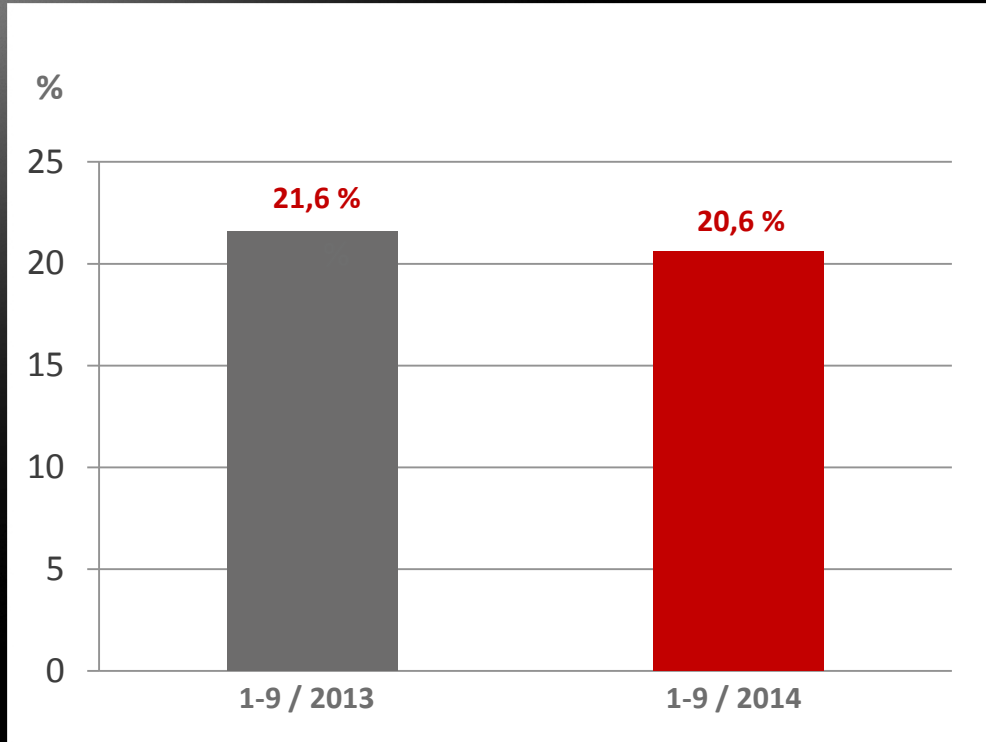
OPERATING PROFIT				
1000 EUR	7-9/2014	7-9/2013	Change%	2013
Domestic	1 197	1 114	7.4 %	5 395
Qt	-340	-117	-191.1%	-846



Product business
29.1 MEUR (31.0)
decrease **6.1%**

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International business

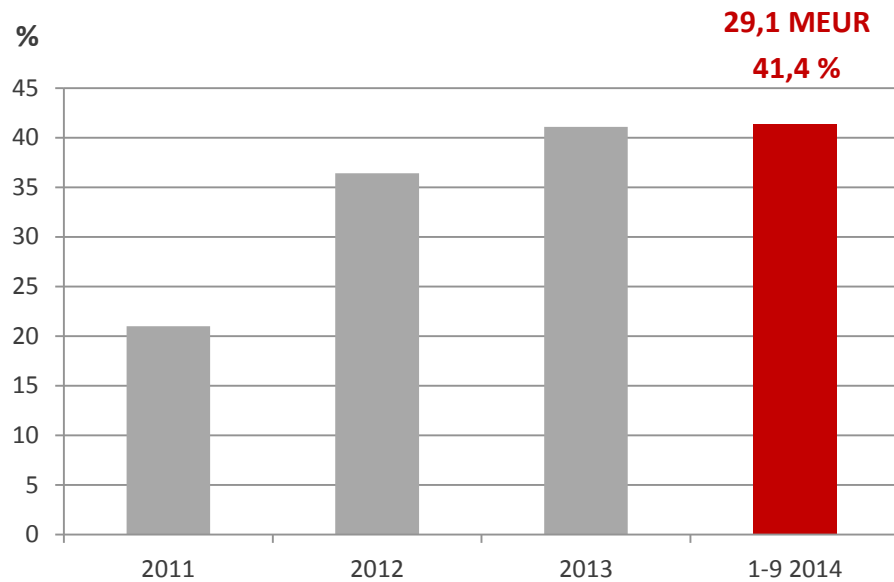
14.5 MEUR (15.8)

decrease **8.2%**

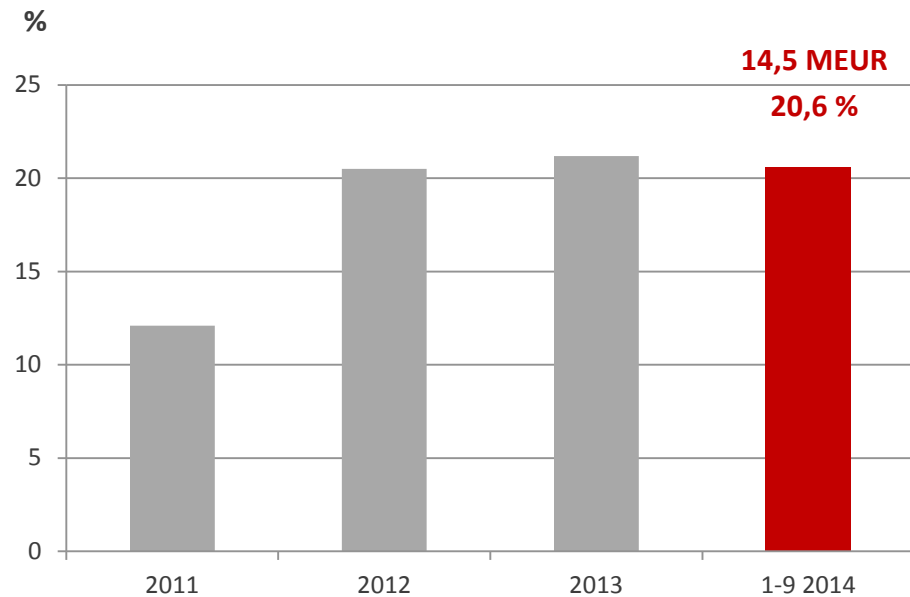
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Product business



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 as well as development of the business.
- 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, but income from operations expected to decrease slightly in Q4 from the last year's level.
- Profitability expected to continue remaining at least on reasonable level



International software business

Qt: summary for 1-9/2014

- Demand and bid volumes both good. Lengthened sales periods of many bigger deals have burdened revenue growth.
- Business made a loss during the period; significant, target-oriented investments aimed at developing the business.
- Efforts are made to strengthen sales. Company is looking for a new leader for Qt business.
- New www.qt.io site has been launched to serve as the central source of information for Qt ecosystem events.
- The launched change in the open source code license for the upcoming Qt 5.4 aims to promote the sale of commercial licenses to commercial players.



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
 - Over 1,000,000 downloads of Qt 5.3 published in 5/2014



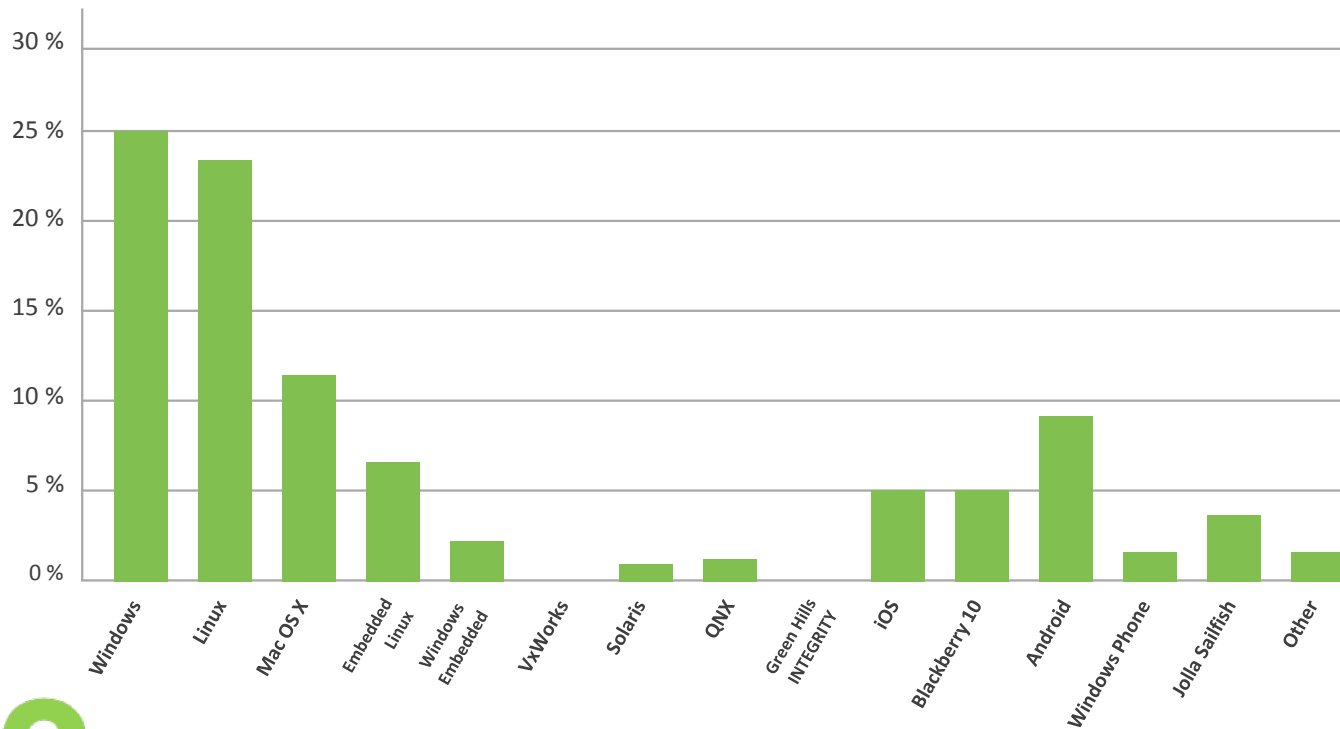
Qt: future prospects

- Significant investments in Qt business and Qt technology will continue.
- The sales growth associated with embedded systems will also reflect on the earnings logic. Licence revenue from these sales accumulate over the longer term rather than representing a one-time payment.
- Net sales expected to increase in Q4/14, and therefore also YoY
- 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. Q4/14 profitability on zero level.



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%

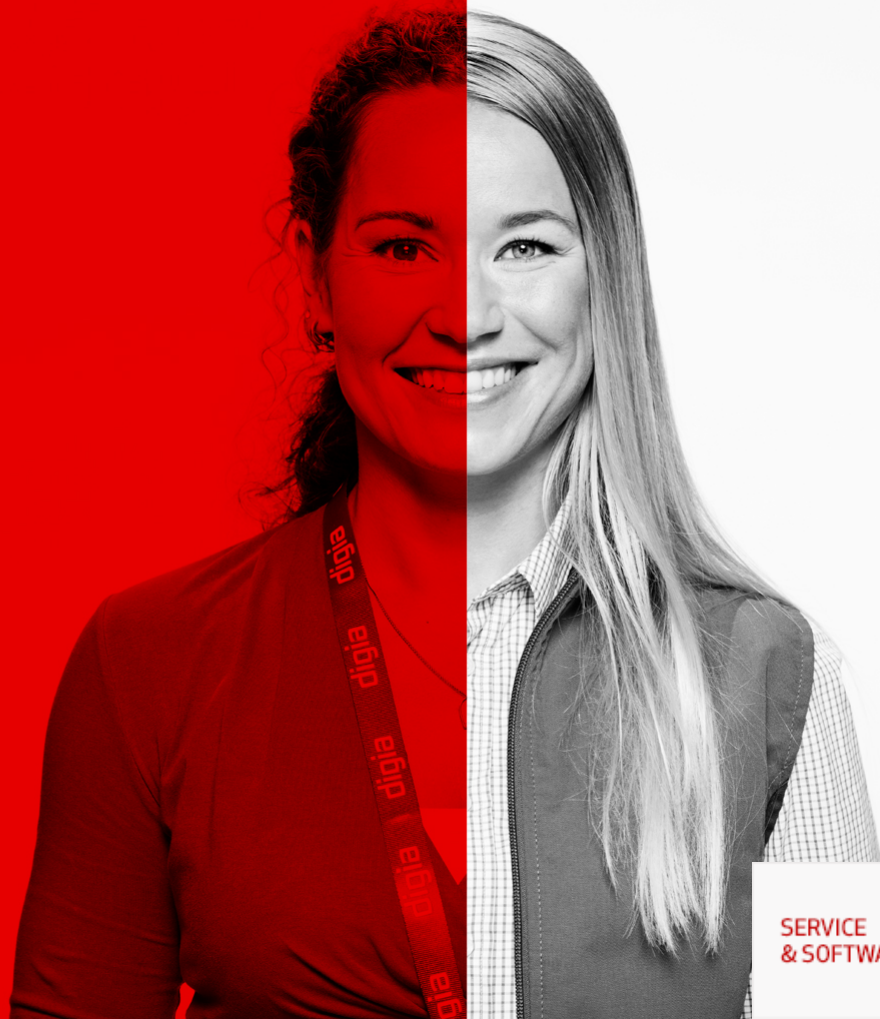
Qt users are
satisfied

or
Very Satisfied
with Qt



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TOGETHER.
Everyday value



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& SOFTWARE

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Thank you!

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