

”DIGIA PERFORMED VERY
WELL IN 2015.
STRONG GROWTH OF NET
SALES CONTINUED IN Q4.”

Digia Plc
Financial Statement Bulletin 2015 and
Interim Report Q4/2015
Juha Varelius
4 February 2016



digia

Digia in brief

Finnish Software and Service Provider

Our vision is to be the **most highly recommended** IT software and services company in Finland. We are also pursuing strong international growth in our Qt business.

107.9 M€

Net Sales

8.4 M€

Operating Profit

944

Professionals in
eight countries

Listed Company

NASDAQ OMX Helsinki



25% International Qt
business

- Software development tools
- 1,000,000 users

75% Domestic software and service business

- Developing Services
- Steering Operations
- Utilizing Information

> TOGETHER. ABILITY WITH PASSION. AS PROMISED.

digia

Summary for reporting period

"Digia performed very well in 2015."

Summary for reporting period

During January-December, Digia's consolidated net sales grew significantly and totalled 107.9 MEUR.

- Qt segment showed particularly strong growth.
 - Qt's net sales increased 32.0 per cent during the review period and 26.3 per cent during the fourth quarter.
 - Qt's growth was considerably fuelled by the strengthening of the US dollar against the euro. Excluding the impact of foreign exchange rate changes, Qt's net sales growth amounted to 25.5 per cent in the review period.
- Similarly, in the domestic segment net sales developed favourably.
 - Net sales grew by 5.1 per cent in the review period and as much as 8.3 per cent in the final quarter from the comparison period last year.

Consolidated operating profit before extraordinary items almost doubled from the previous year.

- Operating profit improved, particularly in the Qt segment which began to turn a profit during the review period and continued to do so throughout the period.
- Meanwhile in the domestic business, operating profit fell slightly, particularly in the final quarter, and remained below last year's comparison figures, which were particularly good in terms of profitability.

Consolidated net sales

+10.7%

Consolidated operating
profit

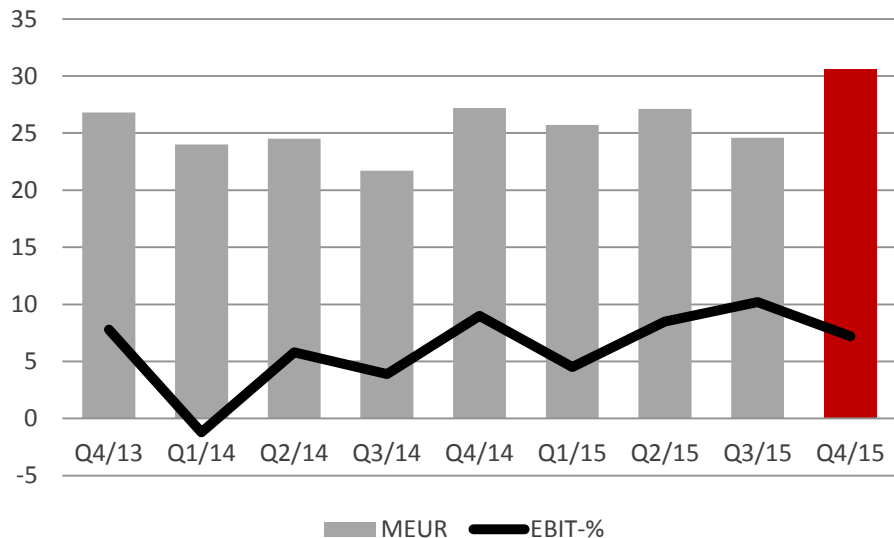
+88%

digia

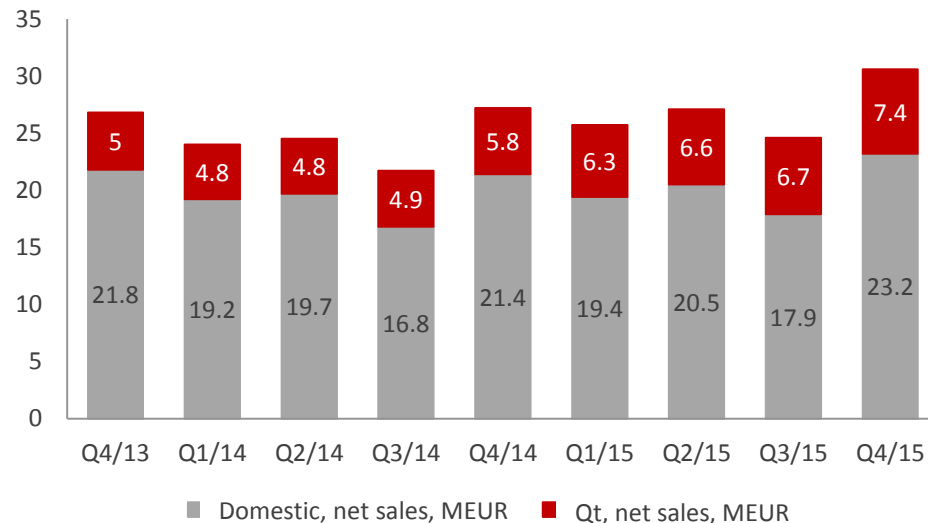
	10-12/ 2015	10-12/ 2014	Change %	1-12/ 2015	1-12/ 2014	Change %
Net sales, MEUR	30.6	27.2	12.2%	107.9	97.4	10.7%
Operating profit before extraordinary items, MEUR	2.2	2.5	-11%	8.4	4.5	88.3%
Operating profit after extraordinary items, MEUR	2.1	2.3	-7.8%	7.6	4.3	77.3%
Profitability (EBIT-%) before extraordinary items, %	7.2	9.0		7.8	4.6	
Profitability (EBIT-%) after extraordinary items, %	7.0	8.5		7.1	4.4	
Earnings per share before extraordinary items, EUR	0.07	0.09		0.29	0.14	
Earnings per share after extraordinary items, EUR	0.07	0.08		0.25	0.14	

Group key figures Q4/2015

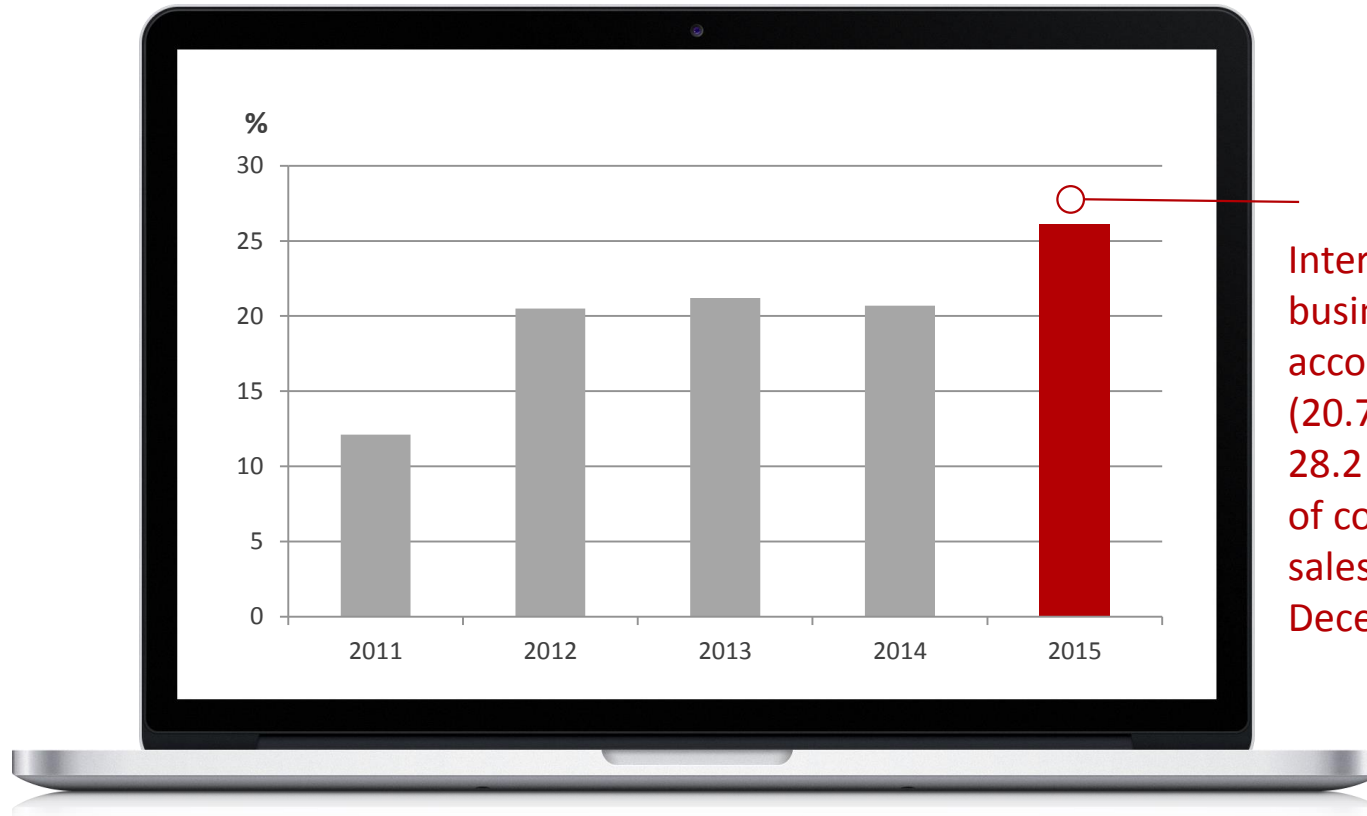
Net sales and EBIT-%



Distribution of net sales

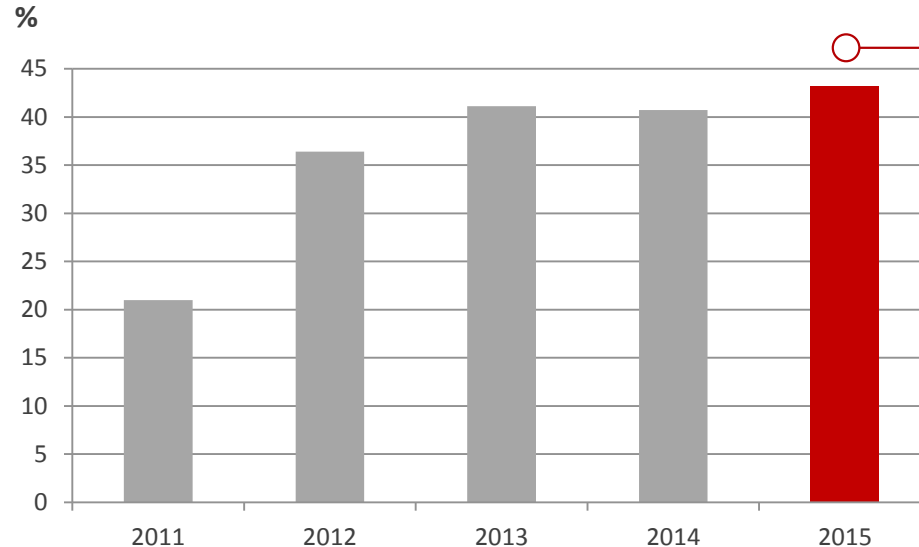


International business, net sales



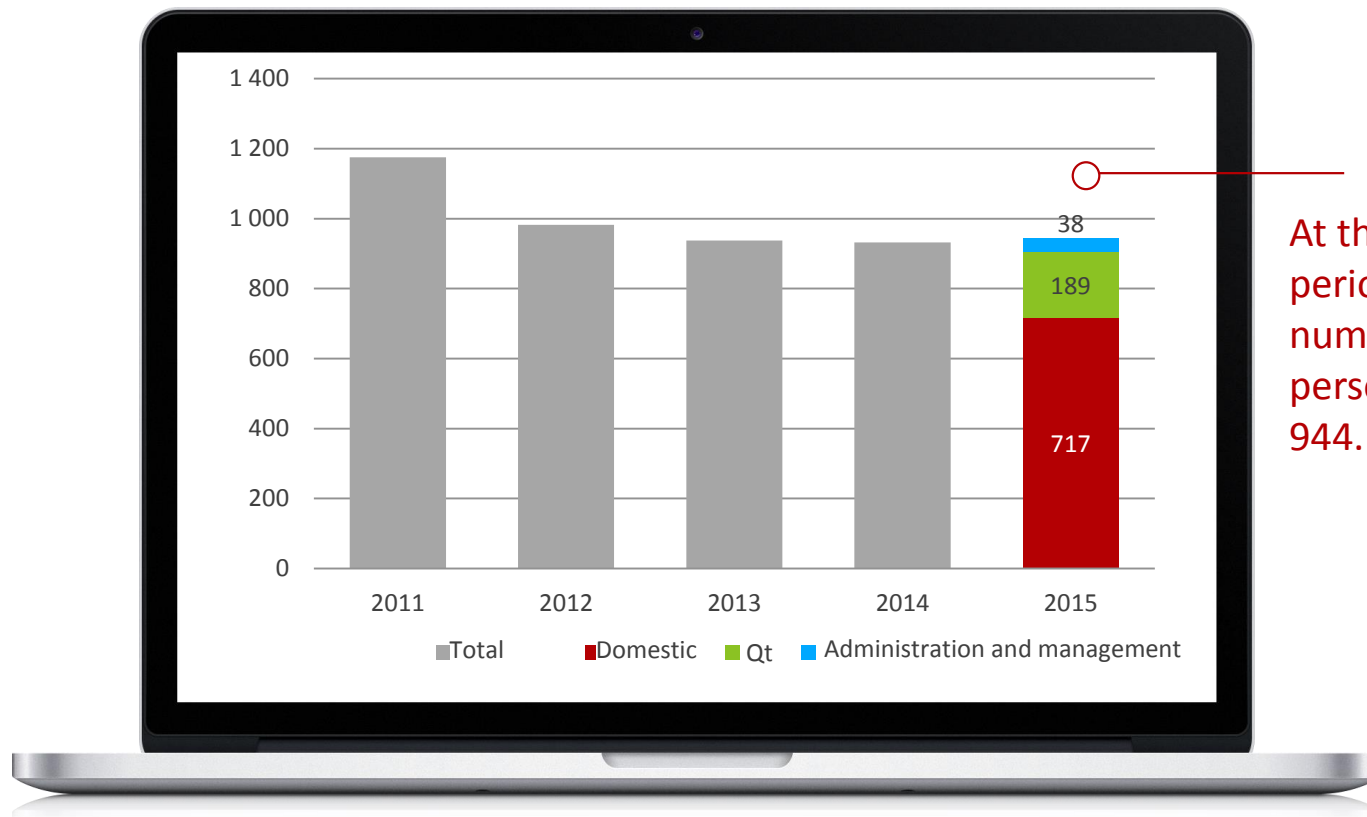
International business accounted for 26.1 (20.7) per cent or 28.2 (20.2) MEUR of consolidated net sales in January-December.

Product business, net sales



The product business accounted for 43.2 (40.7) per cent or 46.6 (39.7) MEUR of consolidated net sales in January-December.

Personnel



Domestic markets



DEVELOPING
SERVICES



UTILIZING
INFORMATION



STEERING
OPERATIONS

Domestic markets

- Demand remained strong for integration and analytics services during the review period.
 - Business outperformed general IT market growth, and profitability remained on a healthy level.
 - Investments to enhance delivery and service capacity continued, and are expected to bolster net sales development in 2016.
 - Continued major investments in the development of product and business models for site optimisation taxed the segment's overall profitability during the review period.
- On the whole, the ERP and MES business showed moderate development during the review period, with some quarterly fluctuation which is typical in this business area.
 - The Microsoft technology based business grew briskly, with excellent profitability.
 - Quarterly fluctuation was particularly strong in the ERP business based on Microsoft technologies. Significant new delivery and application management service agreements were signed in this business area, which contributed to a slight increase in net sales in the review period and which will provide a firm foundation for 2016.
 - Quarterly fluctuation was also notable in the ERP business based on Digia's own software. Net sales, which had been declining in the third quarter, took an upward turn in the final quarter, resulting in slight overall growth for the full review period.
- The business segment based on financial-sector software solutions showed growth throughout the review period.
 - The segment will continue to invest in recruitment, and operations in Finland are forecast to grow faster than the general IT markets in 2016.
- In the service business, demand and profitability showed a highly positive performance trend during the period, with the final quarter showing particularly strong net sales growth.

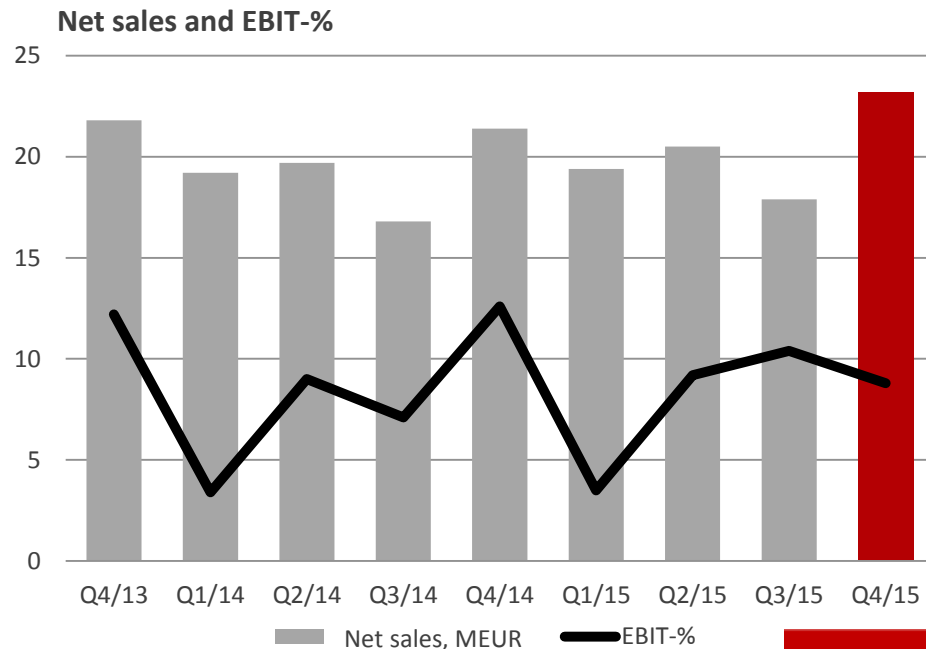
Domestic segment Q4/2015

Q4

- Net sales 23.2 (21.4) MEUR, up 8.3 per cent
- Operating profit before extraordinary items decreased by 24.2 per cent and totalled 2.0 (2.7) MEUR.
- Profitability (EBIT-%) was 8.8 (12.6) per cent.

Q1-Q4/2015

- Net sales 80.9 (77.0) MEUR, up 5.1 per cent.
- Operating profit before extraordinary items grew slightly and totalled 6.5 (6.3) MEUR.
- Profitability (EBIT-%) was 8.0 (8.2) per cent.





Qt's international market

- Qt business showed very strong growth throughout the period.
 - This growth in the Qt segment stemmed from good sales combined with major contracts in automotive products and DTV receivers in particular.
 - Favourable trends in net sales were also supported by the US dollar strengthening against the euro. The impact of exchange rate fluctuations on Qt's net sales growth amounted to a total of EUR 1.3 million during the review period.
- Operating profit also improved significantly on the back of net sales growth, and the business was profitable.
- During the review period, the new Qt 5.5 version was launched.
- The www.qt.io website has been well received.
 - This website plays an extremely important role in managing the Qt ecosystem, and Digia will continue to make substantial developments in this channel.
- Qt World Summit held in Berlin in October was a huge success.
 - The global Qt community gathered to present and discuss current Qt technology issues.
 - The event attracted more than 1,000 visitors from all over the world: customers, partners, and members of the Qt developer community.
- Measures to enhance sales were taken during the review period, particularly in Asia.
 - A new office was opened in Korea.
- Business development efforts were particularly focused on consumer electronics and automotive segments.

Qt segment

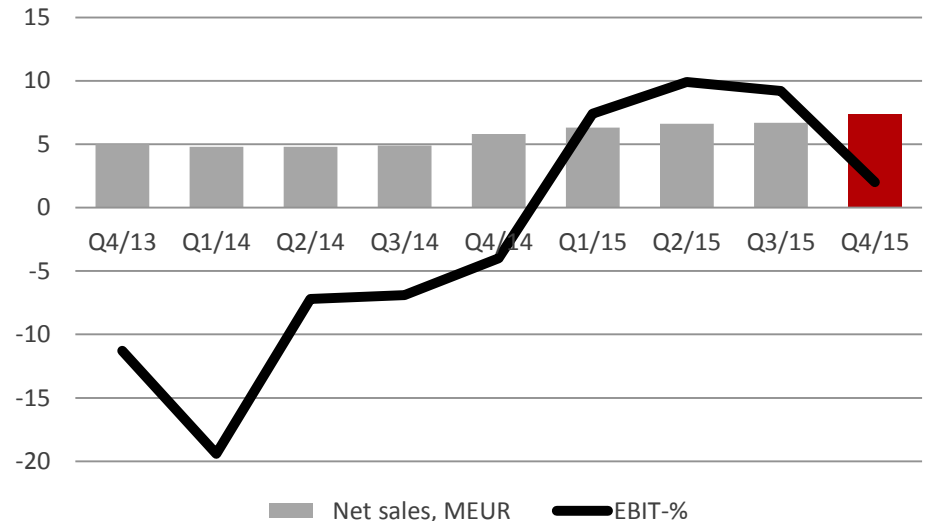
Q4

- Net sales 7.4 (5.8) MEUR, up 26.3 per cent.
- Operating profit before extraordinary items grew and totalled 0.1 (-0.2) MEUR.
- Profitability (EBIT-%) was 2.0 (-4.0) per cent.

Q1-Q4/2015

- Net sales 26.9 (20.4) MEUR, up 32.0 per cent.
- Operating profit before extraordinary items grew significantly and totalled 1.9 (-1.9) MEUR.
- Profitability (EBIT-%) was 7.1 (-9.1) per cent.

Net sales and EBIT-%



The background of the slide is a close-up photograph of a rugged, layered rock face. Overlaid on the left side of the image is a vertical column of semi-transparent, pixelated squares in various shades of gray and brown, creating a digital or mosaic-like effect.

Future prospects

“In 2016, Digia will invest in building better growth opportunities for both business segments.”

Future prospects: Domestic segment

- Besides pursuing organic growth, Digia will actively seek potential acquisitions to support its strategy and to accelerate domestic business growth.
- Digia believes digitalisation, the growing popularity of multi-channel services and the revolution in business models involve major business opportunities.
 - To fully tap into these opportunities, Digia will make determined investments in personnel recruitment and training, and in improving its offering.
 - Overall, Digia expects to hire approximately 150 new employees, most of them in the domestic business.
- Digia expects overall demand to remain moderate in the domestic segment and anticipates continued net sales growth in 2016
- The outlook is considered particularly positive in the first half. Profit performance in domestic operations in 2016 is anticipated to remain on more or less the same level as last year.

Future prospects: Qt segment 1/2

- Considering the time of year and general market situation, demand for the Qt segment's services is at a moderate level, and the long-term business outlook is promising.
- The company will continue to introduce changes to open source code licensing in forthcoming versions of its Qt software. These changes are aimed at promoting licence sales to commercial players.
- Qt business development efforts will particularly focus on embedded systems in the automotive sector, digital TV and industrial automation. Areas targeted in product development include value-added features and tools required for building embedded systems.
 - Sales growth associated with embedded systems will also reflect on the earnings logic. Licence revenue from these sales accumulates over the long term, as opposed to one-off licence payments.
 - Consequently, Digia anticipates no major impact from embedded systems sales growth on Qt's net sales in 2016.

Future prospects: Qt segment 2/2

- Digia expects to see Qt's net sales growth in 2016 be at least in line with the general systems software development market growth rate, but growth is likely to slow down from the extremely strong figures recorded last year.
- In 2016, the exceptional licence deal agreed with Nokia Corporation in connection with the acquisition of the Qt business in 2012 will no longer generate any net sales for Digia, unlike in 2015 when approximately EUR 1.4 million was recorded in net sales.
- Exchange rate fluctuations, particularly between the US dollar and euro, may have a large impact on Qt's net sales development in the future, but Digia estimates that this effect will be less significant in 2016 than a year earlier.
- Another factor contributing to considerable fluctuation in quarterly net sales and profitability in particular is contract turnaround times which, in the major customer segment, are very long at up to 18 months.
- Digia's planned demerger and the resulting establishment of Qt as an independent, public listed company involves considerable expenses, some non-recurring and others continuing. If the demerger goes ahead, these will tax the profitability of the Qt business in the future.
- Digia estimates that, following the demerger, Qt will record a loss in 2016, but will gradually improve its performance, driven by positive net sales development.
 - However, investments in sales work and thereby in better growth opportunities will continue to affect profit performance in the future.

The background of the slide is a close-up photograph of a rugged, layered rock face. The rock has various shades of grey, blue, and brown, with visible cracks and textures. Overlaid on the left and bottom edges of the rock face is a semi-transparent grid of squares in various shades of grey and brown. The word "Demerger" is centered in the middle of the slide in a white, sans-serif font.

Demerger

Demerger plan

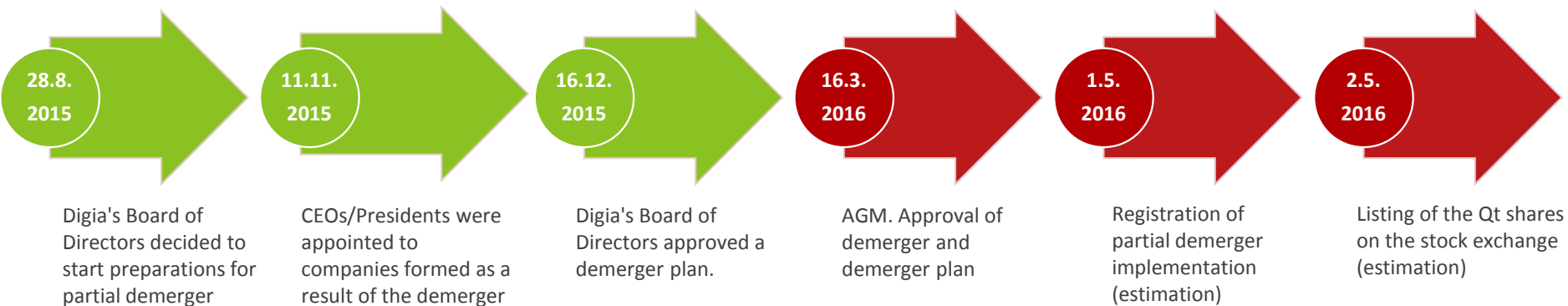
- Digia's Board of Directors presents that the partial demerger plan will be approved at the Digia Plc's Annual General Meeting, to be held on 16 March 2016.
- According to the plan, Digia will be divided so that all assets, liabilities and responsibilities related to Digia's Qt segment are transferred to the new company created by the division, to be called Qt Group Plc.
 - Juha Varelius appointed as a President and CEO of Qt Group Plc
- Digia's Domestic segment will remain with Digia.
 - Timo Levoranta appointed as a President and CEO of Digia Plc
- Digia's shareholders will be issued one Qt share for each Digia share they own as demerger consideration.

Desired Benefits of Demerger

- To enable the development of the Qt and domestic segments as two listed companies focusing on distinct sectors.
- To clarify corporate structures, management and financing.
- To enable investments to be targeted at certain business operations, clarify the financial supervision and valuation of business operations, and increase the potential for higher share value for investors.

Demerger schedule

More detailed information on the stock exchange listing of the new company created in the demerger will be published in a demerger prospectus. Estimated publication date of prospectus will be early March 2016.

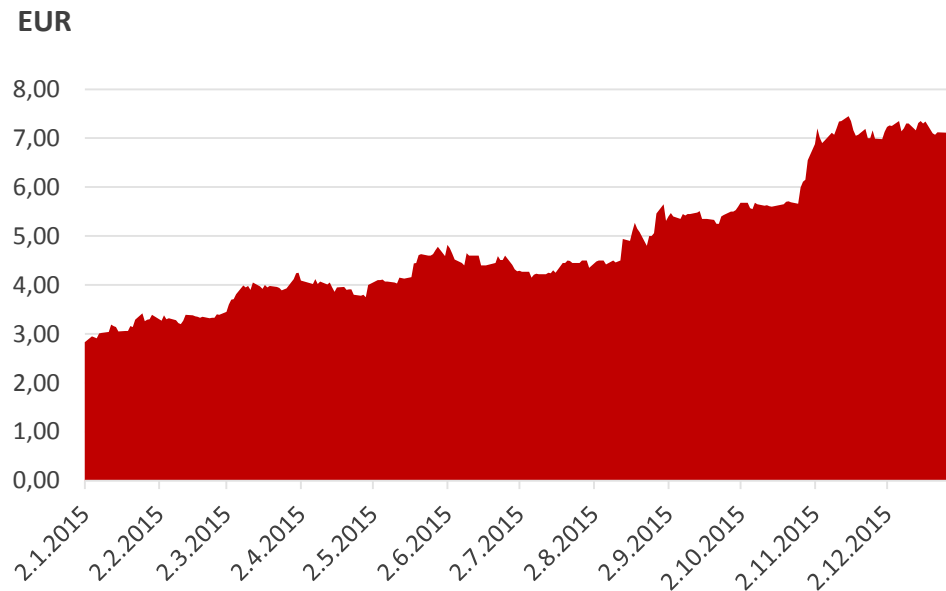


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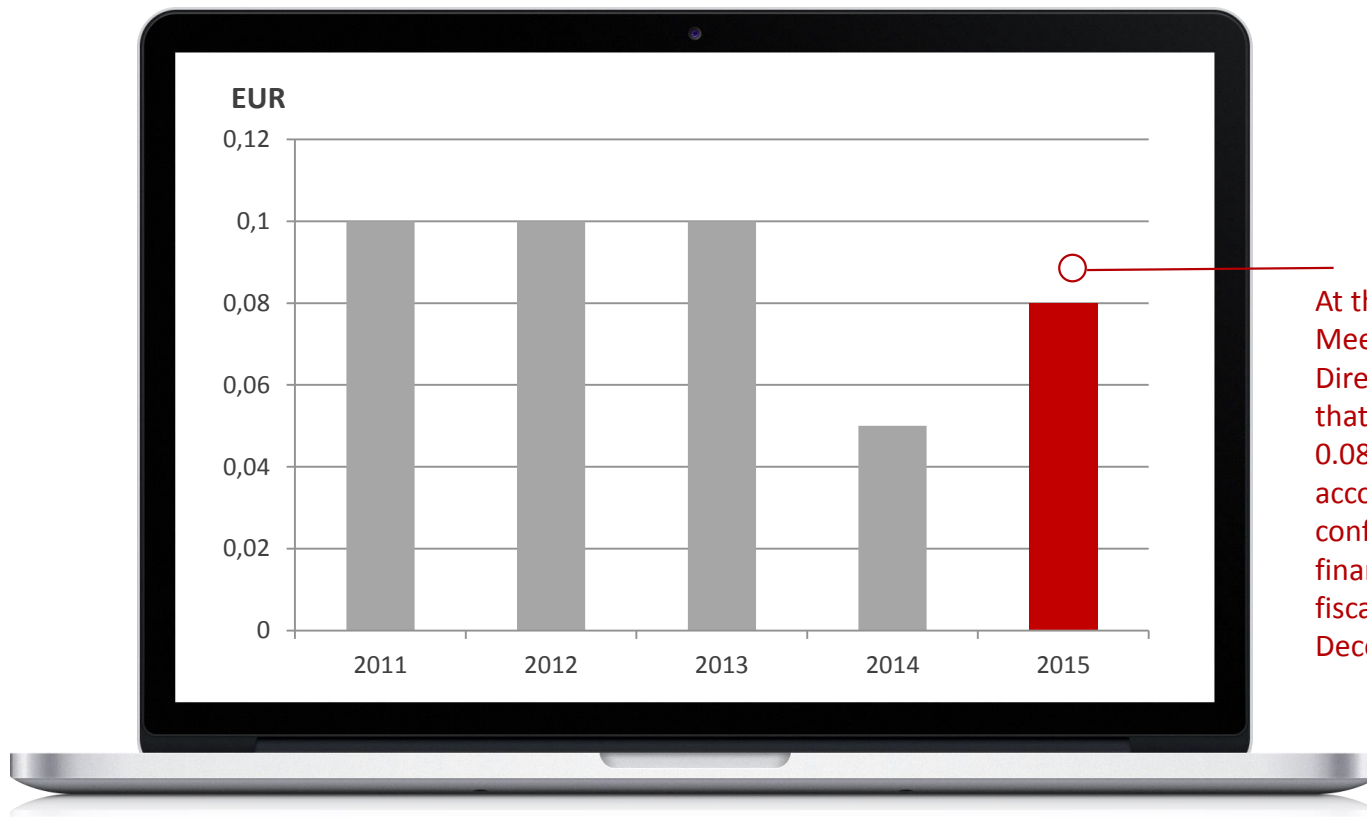
**Share information and a proposal
for dividend distribution**

Share

	2015	2014
Lowest share trading price, EUR	2.74	2.66
Highest share trading price, EUR	7.47	4.59
Average share price, EUR	4.05	3.79
Market capitalisation, TEUR	146,338	55,529



Proposal for dividend distribution



At the Annual General Meeting, the Board of Directors will propose that a dividend of EUR 0.08 per share be paid according to the confirmed statement of financial position for the fiscal year ending 31 December 2015.

Thank you!

Next in IR Calendar:

Annual General Meeting 16 March 2016

Q1 result 29 April 2016

Annual Report 2015 will be published 16 February 2016

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TOGETHER.

One step ahead.



digia