

“Net sales and operating profit show significant growth.”

Digia Plc, Interim Report Q2/2015

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14 August 2015



Summary for reporting period

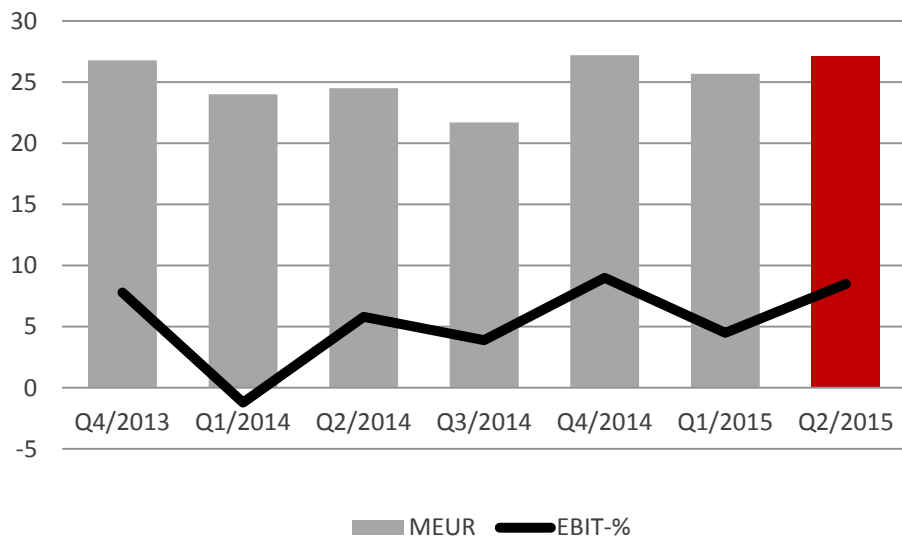
Summary for reporting period

- During the first half of 2015, Digia's consolidated net sales grew by 8.9 per cent from the same period a year earlier and totalled 52.8 MEUR.
 - Growth accelerated towards the end of the period, reaching 10.7 per cent for the whole Group during the second quarter.
 - The Qt segment showed particularly strong growth with a net sales increase of 33.9 per cent during the review period and 37.0 per cent during the second quarter.
 - This growth in the Qt segment stemmed especially from sales operations and investments made to automotive and DTV receiver product areas.
 - Furthermore, growth was significantly fuelled by the strengthening of the US dollar against the euro. Excluding the impact of exchange rate fluctuations, Qt's net sales growth amounted to 23.3 per cent during the reporting period.
- During the first half of 2015, operating profit before extraordinary items grew significantly and totalled 3.7 MEUR.
 - Operating profit improved particularly in the Qt business.
 - Profitability in the domestic segment showed positive development.

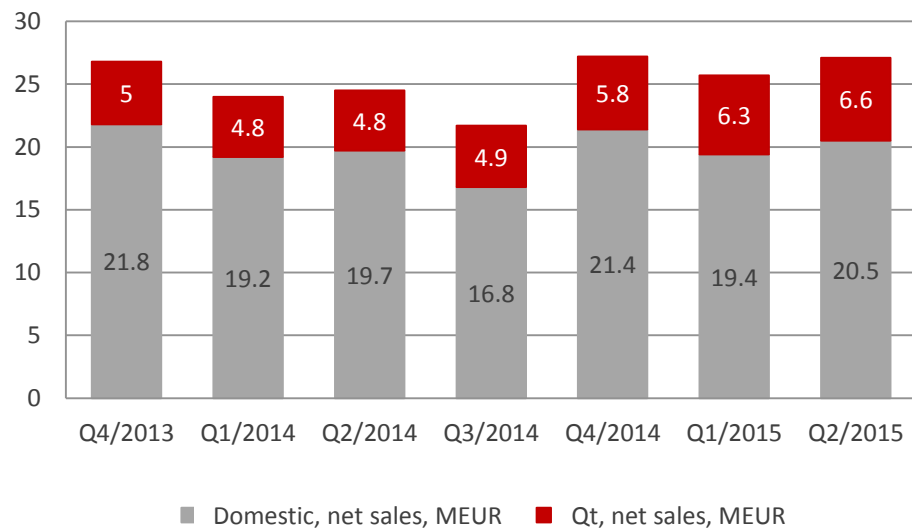
	4-6/ 2015	4-6/ 2014	Change %	1-6/ 2015	1-6/ 2014	Change %	FY 2014
Net sales, MEUR	27.1	24.5	10.7%	52.8	48.5	8.9%	97.4
Operating profit before extraordinary items, MEUR	2.5	1.4	75.9%	3.7	1.1	219.4%	4.5
Operating profit after extraordinary items, MEUR	2.3	1.4	62%	3.0	1.1	161.9%	4.3
Profitability (EBIT-%) before extraordinary items, %	9.2	5.8		6.9	2.4		4.6
Profitability (EBIT-%) after extraordinary items, %	8.5	5.8		5.7	2.4		4.4
Earnings per share before extraordinary items, EUR	0.09	0.05		0.12	0.03		0.14
Earnings per share after extraordinary items, EUR	0.08	0.05		0.09	0.03		0.14

Group key figures Q2/2015

Net sales and EBIT-%



Distribution of net sales



Domestic markets



DEVELOPING
SERVICES



UTILIZING
INFORMATION



STEERING
OPERATIONS

Domestic markets

- **Demand for integration and analytics services during the review period was healthy.**
 - Investments to enhance delivery and service capacity had a positive impact on net sales performance.
 - Meanwhile, continued investments in the development of product and business models for site optimisation taxed the segment's overall profitability.
- **The ERP and MES business area showed favourable development during the review period.**
 - Strong growth of the Microsoft technologies based solutions business continued with a high profitability level.
 - Similarly, the ERP business based on Microsoft technologies took an upward turn in the second quarter.
 - ERP business based on Digia's own software grew during the review period, but failed to reach the previous year's profit level.
- **Demand for solutions based on financial-sector software remains healthy, and the development of new services for the sector in the Finnish and Swedish markets has progressed according to plan.**
- **In the service business, demand during the review period was moderate and profitability showed a positive performance trend.**
 - Customers' cost pressures continued to have an impact on service pricing, taxing profitability.

Domestic segment Q2/2015

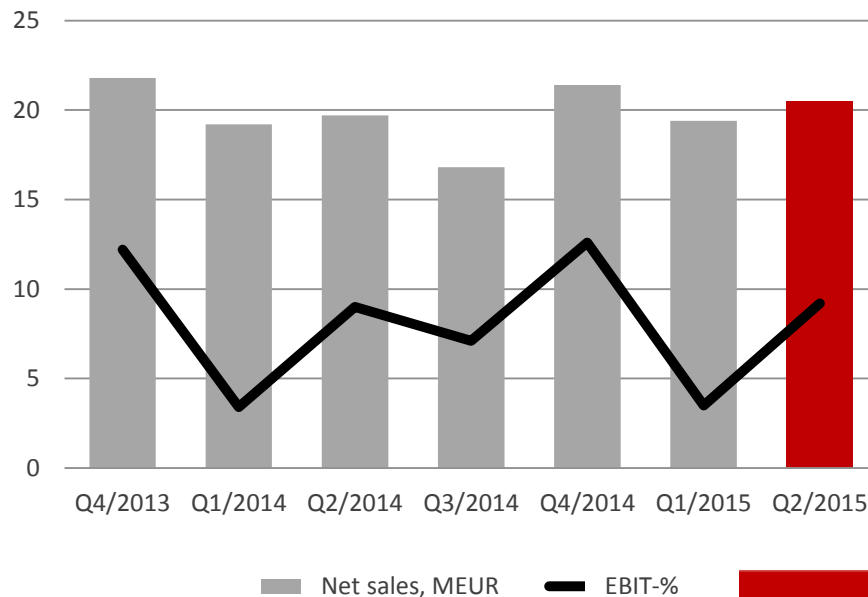
Q2

- Net sales 20.5 (19.7) MEUR, up 4.2 per cent.
- Operating profit before extraordinary items grew and totalled 1.9 (1.8) MEUR.
- Profitability (EBIT-%) was 9.2 (9.0) per cent.

H1

- Net sales 39.9 (38.8) MEUR, up 2.7 per cent.
- Operating profit before extraordinary items grew and totalled 2.6 (2.4) MEUR.
- Profitability (EBIT-%) was 6.5 (6.2) per cent.

Net sales and EBIT-%





The Qt
Company



Qt's international market

- The Qt segment grew vigorously.
 - This growth in the Qt segment stemmed especially from sales operations, investments made to automotive and DTV receiver product areas and exchange rate fluctuations (whose impact during the review period was EUR 1.0 million).
- Operating profit also improved clearly 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 launched for the Qt segment 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.
- Measures to enhance sales were taken during the review period, particularly in Asia.
- A Qt World Summit for developers was held in Japan in May, with the number of visitors exceeding expectations.

Qt segment Q2/2015

Q2

- Net sales 6.6 (4.8) MEUR, up 37 per cent.
- Operating profit before extraordinary items grew and totalled 0.7 (-0.3) MEUR.
- Profitability (EBIT-%) 9.9 (-7.2) per cent.

H1

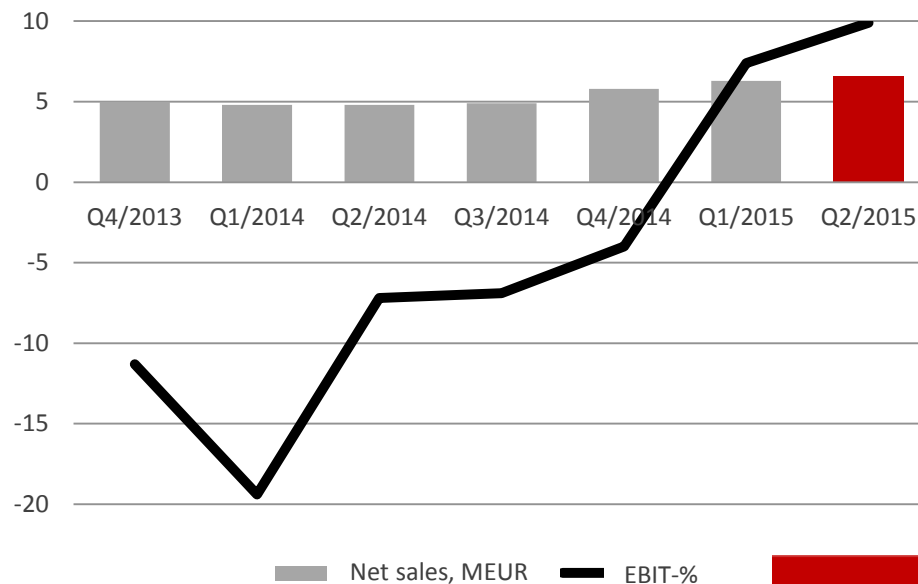
- Net sales 12.9 (9.6) MEUR, up 33.9 per cent.
- Operating profit before extraordinary items grew and totalled 1.1 (-1.3) MEUR.
- Profitability (EBIT-%) 8.7 (-13.2) per cent.

FY 2014

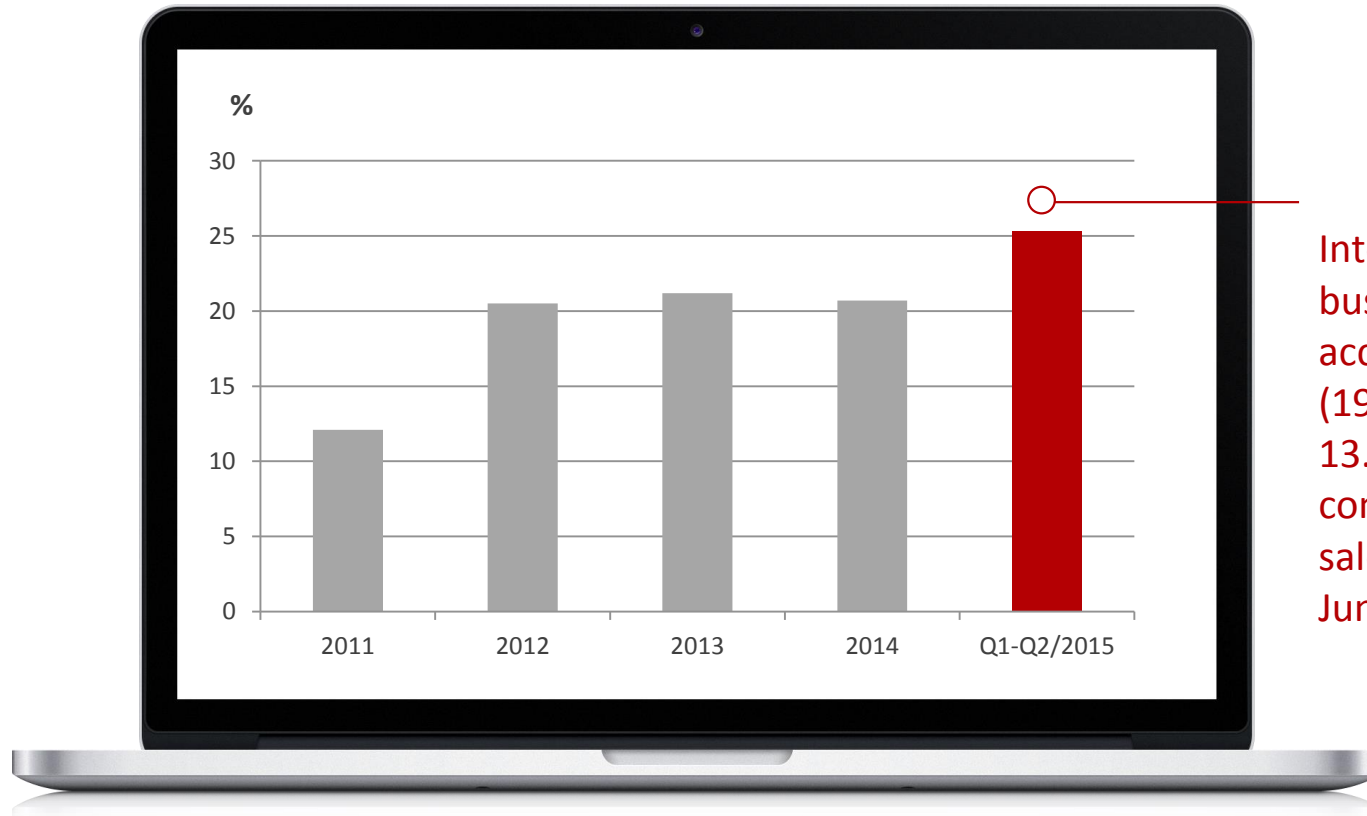
Net sales: 20.4 MEUR

Operating profit before extraordinary items: -1.9 MEUR

Net sales and EBIT-%

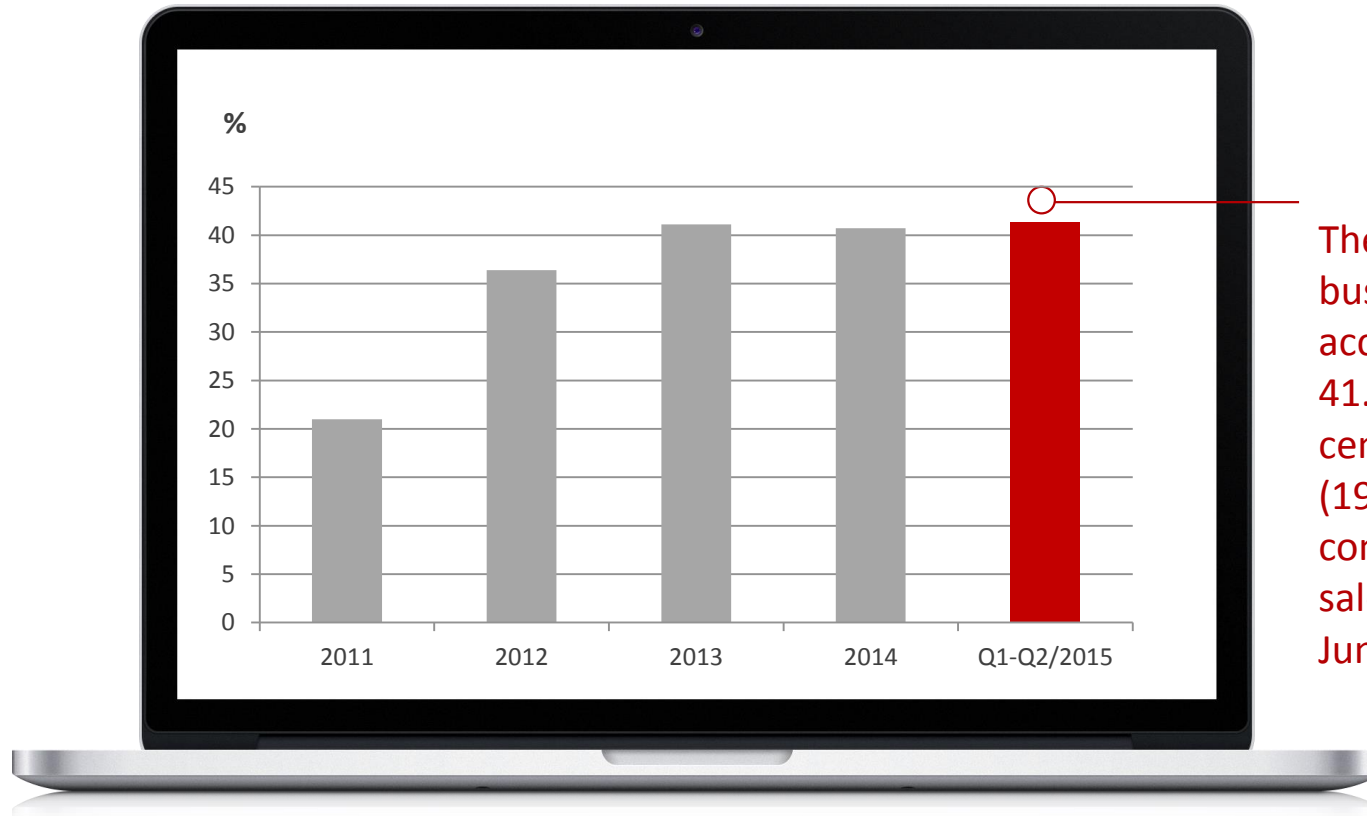


International business, net sales



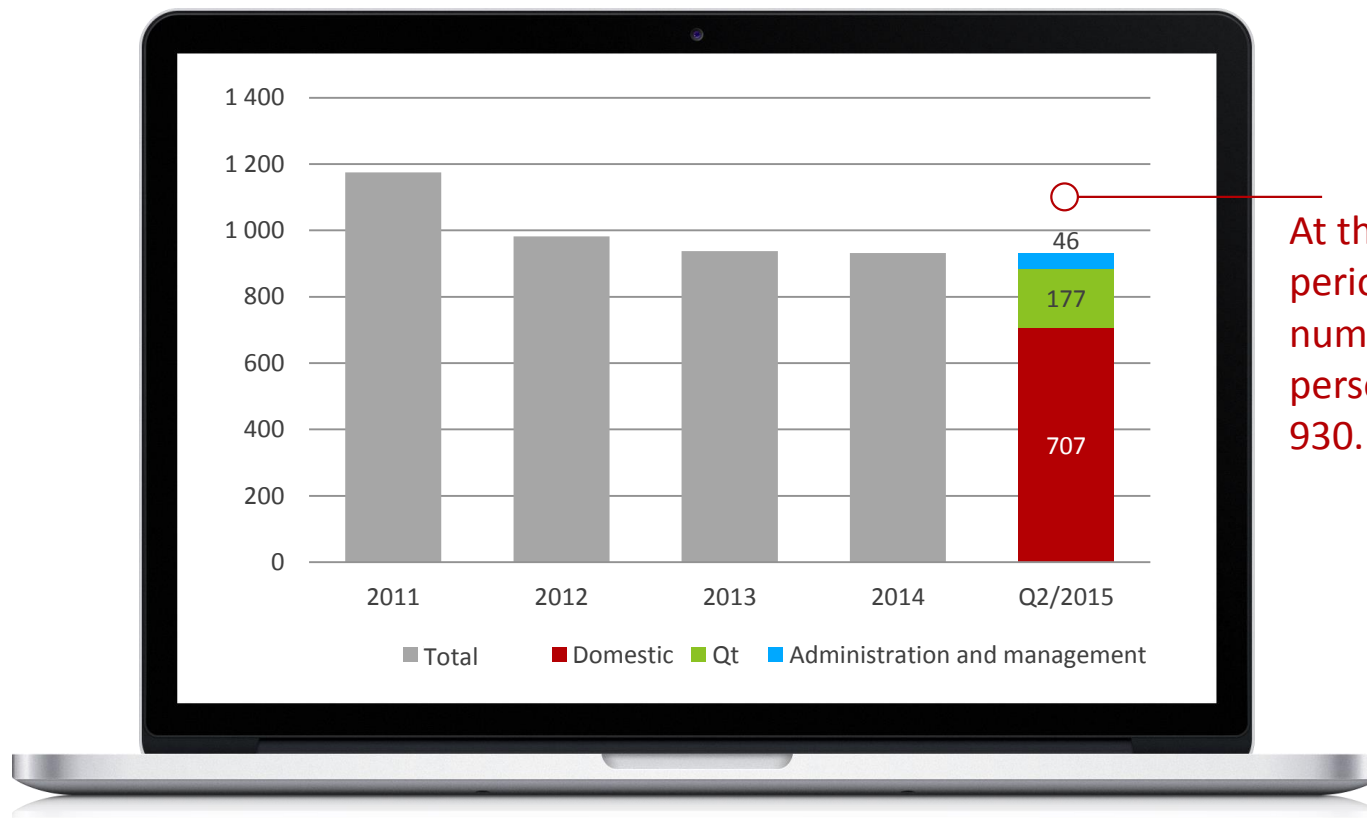
International business accounted for 25.3 (19.5) per cent or 13.4 (9.5) MEUR of consolidated net sales in January-June.

Product business, net sales



The product business accounted for 41.3 (41.0) per cent or 21.8 (19.8) MEUR of consolidated net sales in January-June.

Personnel



At the end of the period, the total number of Group personnel was 930.

Future prospects

“Digia expects a clear full-year improvement in both net sales and operating profit from the previous year's level.”

Future prospects: Domestic

- Digia will continue its efforts to gain a deeper understanding of its customers and to develop a sales and service portfolio that will offer more competitive services and solutions for boosting the efficiency of its customers' operations.
- Digia expects overall demand to remain moderate in the domestic segment, with slight year-on-year growth forecast for its 2015 net sales in domestic business.
- The profitability of domestic operations is expected to reach at least a moderate level in 2015.

Future prospects: Qt

- The Qt segment will be placing a strong focus on sales development, thereby creating the potential for further growth.
- The company will continue to introduce changes to open source code licensing in forthcoming versions of its Qt software. These changes seek to promote licence sales to commercial players.
- Considering the time of year and general market situation, demand for the Qt segment's services is at a moderate level. In addition, the company expects to see continued growth in demand in the major customer segment.
 - However, contract turnaround times in these markets are very long, typically around 6–18 months, which can cause significant fluctuation in quarterly net sales and in profitability in particular.
- Business development efforts will have a particular focus on embedded systems in automotive, digital TV and DTV receivers. 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.
- The Qt business is expected to show continued growth in the second half, with profitability on a positive curve compared to the previous year's figures.

Thank you!

Next in IR calendar:

Q3 result 30 October 2015

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TOGETHER.

One step ahead.



digia