

”Strong growth
with healthy profitability”

Digia Plc, Interim Report Q3/2015

Juha Varelius

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digia



Summary for reporting period

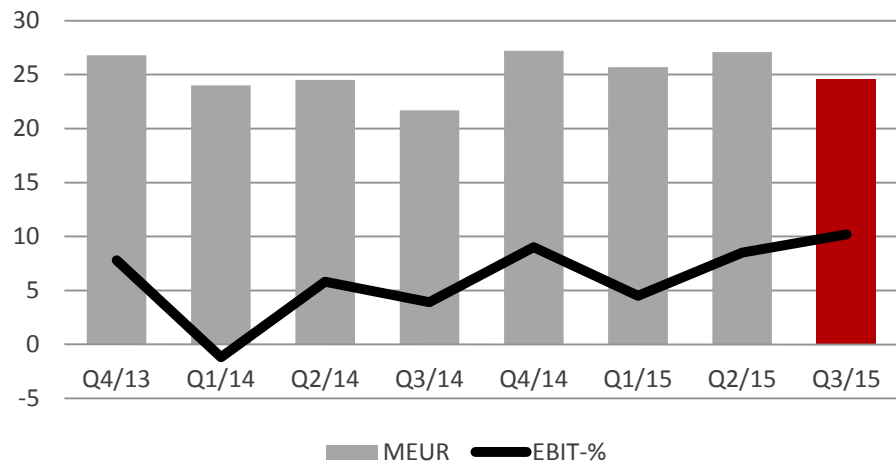
Summary for reporting period

- During January-September, Digia's consolidated net sales grew by 10.2 per cent from the same period a year earlier and totalled 77.3 MEUR.
 - Consolidate net sales growth was 13.0 per cent in the third quarter.
 - The Qt segment showed particularly strong growth with a net sales increase of 34.3 per cent during the review period and 34.9 per cent during the third quarter.
 - Similarly, in the domestic segment developed favourably and net sales grew by 3.8 per cent in the review period and 6.5 per cent in the third quarter from the comparison periods last year.
- Consolidated operating profit showed a marked improvement and almost tripled from the same period a year earlier.
 - Operating profit improved particularly in the Qt business which began to turn a profit during the review period.
 - The domestic segment was also able to markedly improve its operating profit from last year's comparison figures.

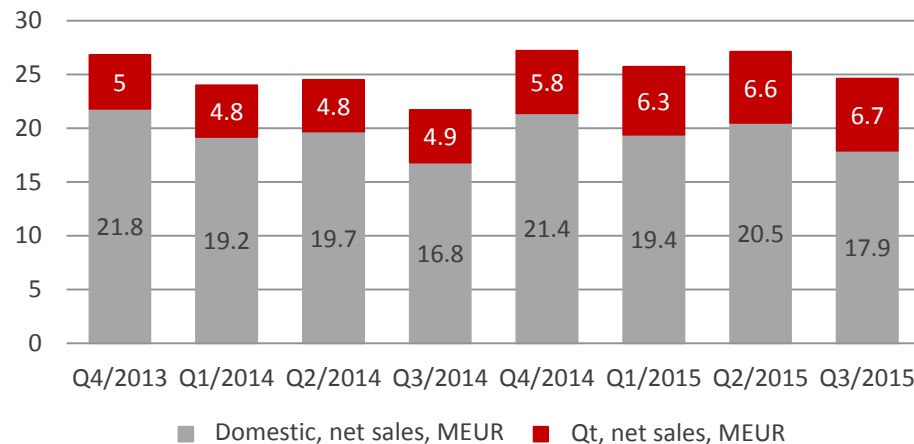
	7-9/ 2015	7-9/ 2014	Change %	1-9/ 2015	1-9/ 2014	Change %	FY 2014
Net sales, MEUR	24.6	21.7	13.0%	77.3	70.2	10.2%	97.4
Operating profit before extraordinary items, MEUR	2.5	0.9	193.5%	6.2	2.0	208.5%	4.5
Operating profit after extraordinary items, MEUR	2.5	0.9	193.5%	5.5	2.0	175.5%	4.3
Profitability (EBIT-%) before extraordinary items, %	10.2	3.9		8.0	2.9		4.6
Profitability (EBIT-%) after extraordinary items, %	10.2	3.9		7.1	2.9		4.4
Earnings per share before extraordinary items, EUR	0.09	0.02		0.21	0.06		0.14
Earnings per share after extraordinary items, EUR	0.09	0.02		0.18	0.06		0.14

Group key figures Q3/2015

Net sales and EBIT-%



Distribution of net sales



Domestic markets



DEVELOPING
SERVICES



UTILIZING
INFORMATION



STEERING
OPERATIONS

Domestic markets

- Demand remained strong for integration and analytics services.
 - Investments to enhance delivery and service capacity continued, and are expected to bolster net sales development in the future.
 - Digia will make further investments in personnel training and recruitment.
 - Continued investments in the development of product and business models for site optimisation taxed the segment's overall profitability.
- On the whole, the ERP and MES business showed favourable development, despite the seasonal fluctuations which are typical in this business area.
 - Strong growth of the Microsoft technologies based solutions business continued, with a high profitability level.
 - Similarly, the Microsoft technology based ERP business showed continued growth.
 - Net sales from ERP business based on Digia's own software fell at the end of the period, bringing the full-period net sales on a par with the previous year's level.
- Demand for solutions based on financial-sector remained 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 and profitability showed a positive performance trend towards the end of the period.

Domestic segment Q3/2015

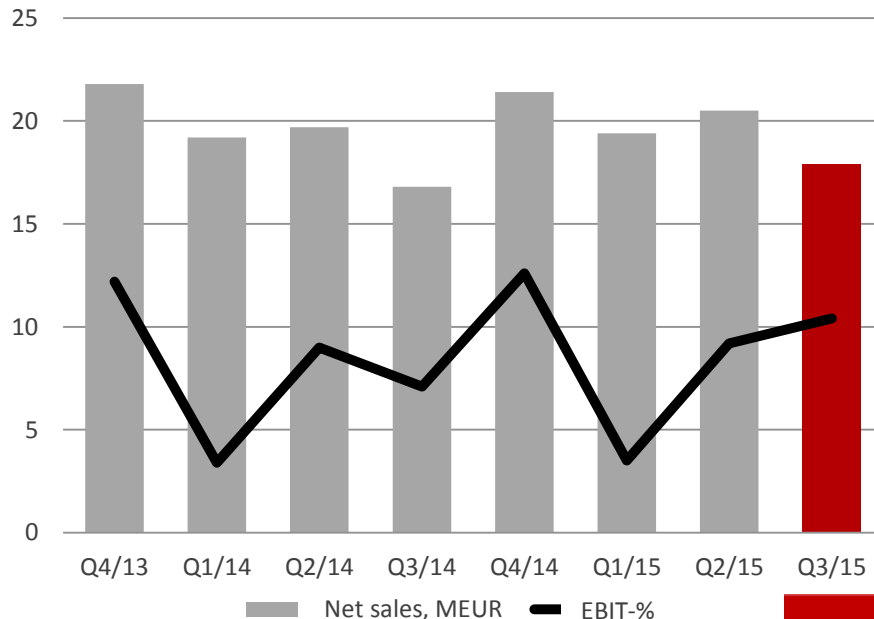
Q3

- Net sales 17.9 (16.8) MEUR, up 6.5 per cent.
- Operating profit before extraordinary items grew by 55.8 per cent and totalled 1.9 (1.2) MEUR.
- Profitability (EBIT-%) was 10.4 (7.1) per cent.

Q1-Q3

- Net sales 57.8 (55.6) MEUR, up 3.8 per cent.
- Operating profit before extraordinary items grew by 22.7 per cent and totalled 4.4 (3.6) MEUR.
- Profitability (EBIT-%) was 7.7 (6.5) per cent.

Net sales and EBIT-%



FY 2014

Net sales: 77.0 MEUR

Operating profit before extraordinary items: 6.3 MEUR



The Qt
Company



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 1.4 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 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 new office was opened in Korea.
- Business development efforts were particularly focused on consumer electronics and automotive segments.

Qt segment Q3/2015

Q3

- Net sales 6.7 (4.9) MEUR, up 34.9 per cent.
- Operating profit grew markedly and totalled 0.6 (-0.3) MEUR.
- Profitability (EBIT-%) 9.2 (-6.9) per cent.

Q1-Q3

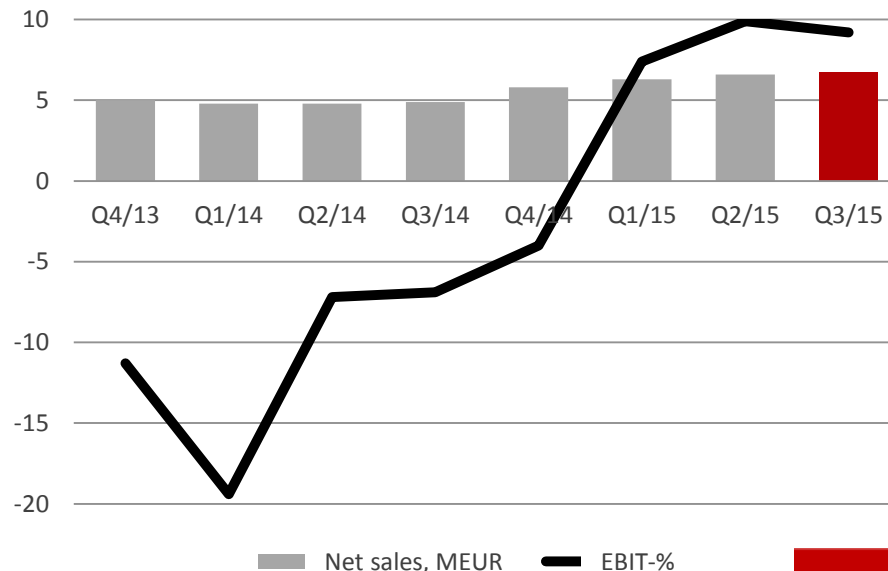
- Net sales 19.6 (14.6) MEUR, up 34.3 per cent.
- Operating profit grew considerably and totalled 1.7 (-1.6) MEUR.
- Profitability (EBIT-%) 8.9 (-11.1) per cent.

FY 2014

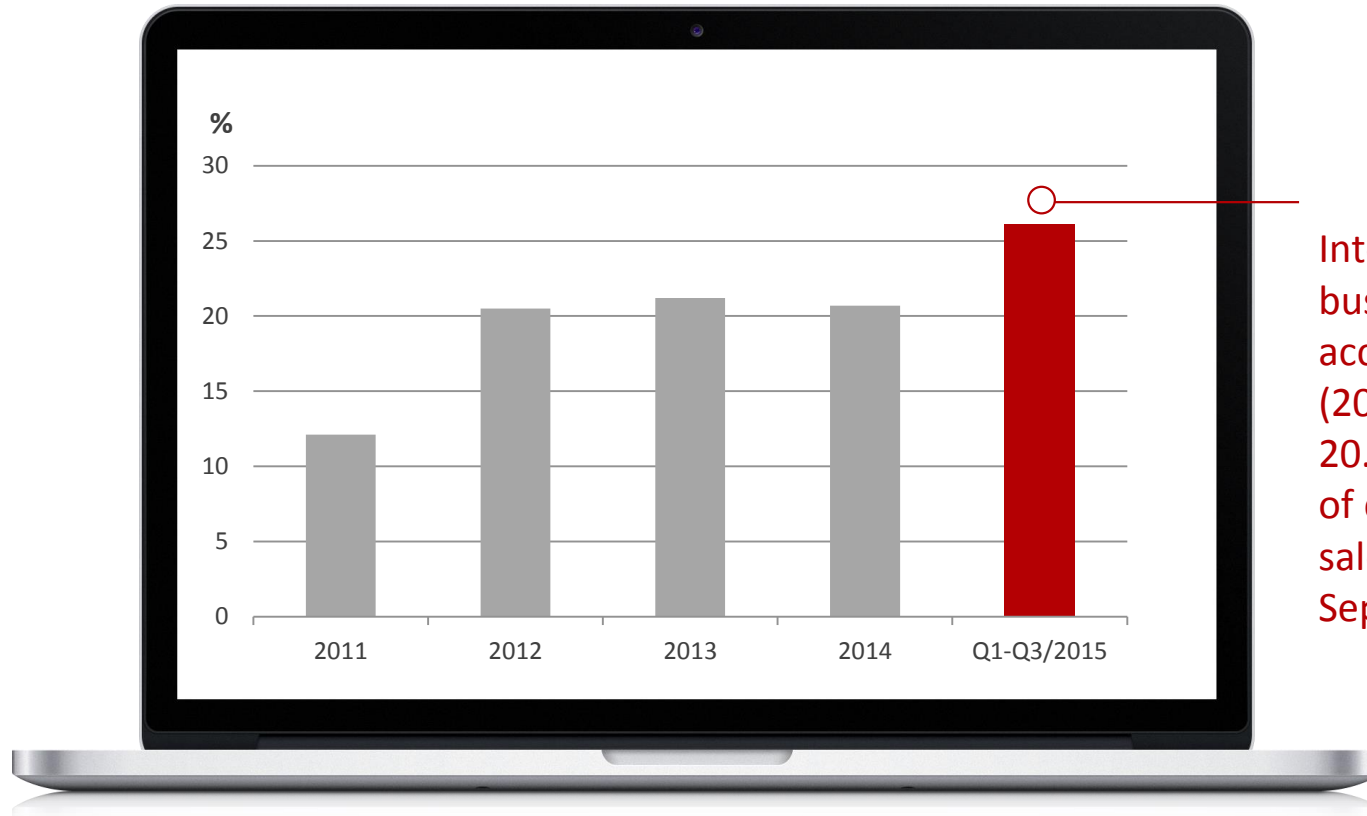
Net sales: 20.4 MEUR

Operating profit before extraordinary items: -1.9 MEUR

Net sales and EBIT-%

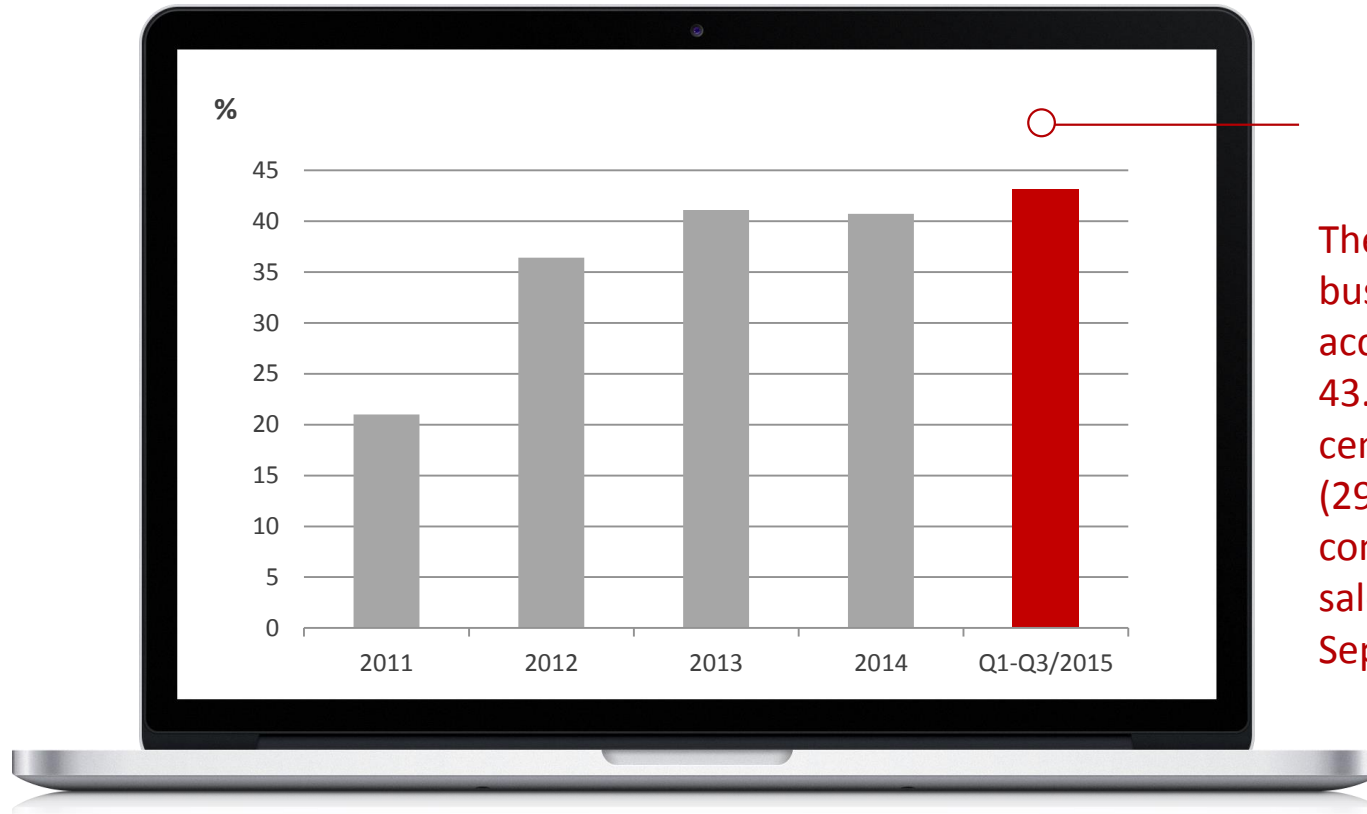


International business, net sales



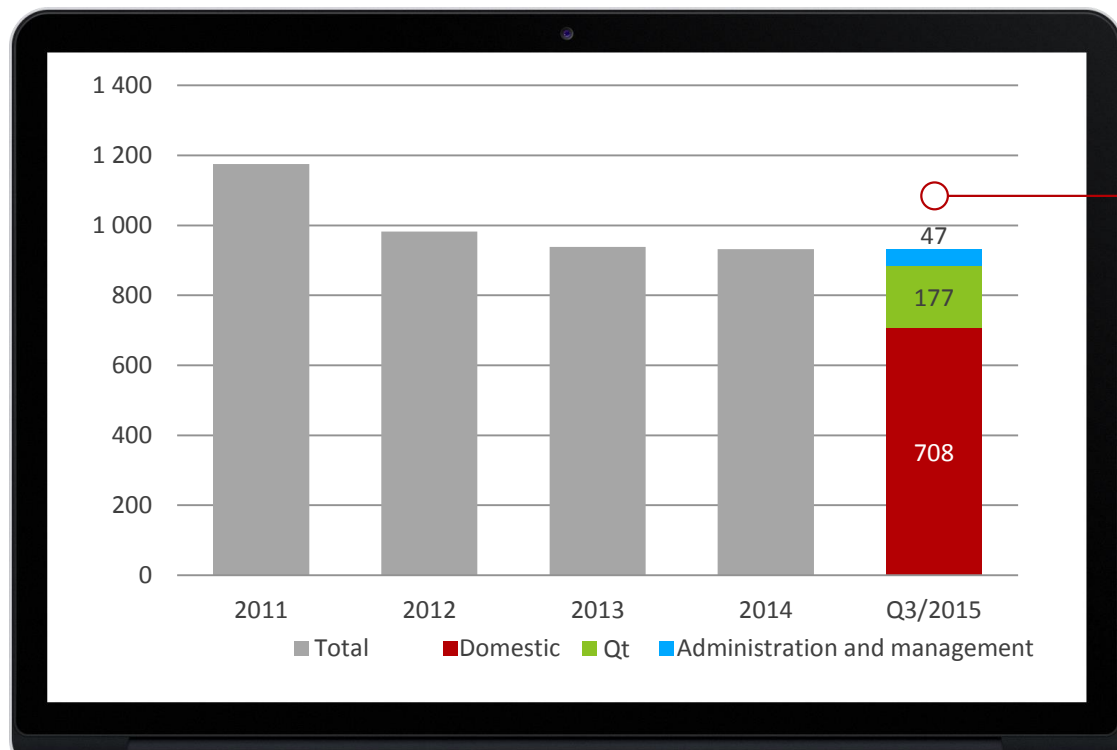
International business accounted for 26.1 (20.6) per cent or 20.2 (14.5) MEUR of consolidated net sales in January-September.

Product business, net sales



The product business accounted for 43.1 (41.4) per cent or 33.3 (29.1) MEUR of consolidated net sales in January-September.

Personnel



At the end of the period, the total number of Group personnel was 932.

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 expects overall demand to remain moderate in the domestic segment and anticipates continued growth towards the year-end.
- To fully tap into the growth potential, Digia will invest in personnel training and recruitment.
- Profitability in the domestic segment is expected to remain at a healthy level, or close, throughout the second half of 2015.

Future prospects: Qt

- 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, and the company also expects to see continued growth in demand in this 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.
- Digia anticipates continued growth in the Qt business throughout 2015, with profitability on a positive curve compared to the previous year's figures.
 - The license sold to Nokia in connection with the acquisition of the Qt business has generated accrued net sales of EUR 463,000 per quarter. As of Q4/2015, these net sales will no longer accumulate, which will affect net sales development in the future in comparison to previous periods.

Digia explores possibilities of demerger to form two distinct listed companies

- Digia Plc's Board of Directors had decided to explore a possible spin-off that would separate its domestic and Qt businesses and create two distinct companies, with identical ownership, listed on NASDAQ OMX Helsinki.
- The purpose of the arrangement would be to enable both businesses to focus on maximising their respective business opportunities in line with their strategy and creating further added value for shareholders.
- The aim is to implement the arrangement during 2016, once the analysis has been completed.

Thank you!

Contact information:
juha.varelius@digia.com

TOGETHER.

One step ahead.



digia