

digia

# Builder of Digital Ecosystems

Digia Plc's Financial Statement  
Bulletin 2018

February 8, 2019



# Financial Statement presentation

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Summary

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Year 2018

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Strategy implementation

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Future outlook

# Year of strong growth: Growth of 18.6 %

- Organic growth 12.4 %
- Service and maintenance business growth 25.9%
- Strong growth continued during the last quarter, up 13.6%
- Operating profit for 2018: 6.5 MEUR
- Two acquisitions (analytics and cloud ERP, CRM)
- Strengthened offering
- Renewed operating model into effect 1 Jan 2019

Growth  
**18.6%**

Net sales  
**112.1** MEUR

Operating profit  
**6.5** MEUR

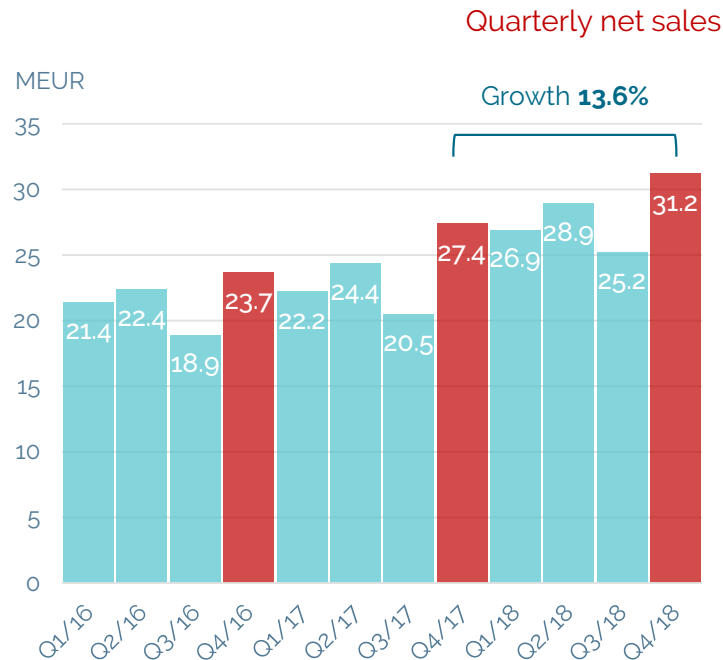
Earnings per share  
**0.18** EUR

Personnel  
**1091**



# Net sales grew 13.6%

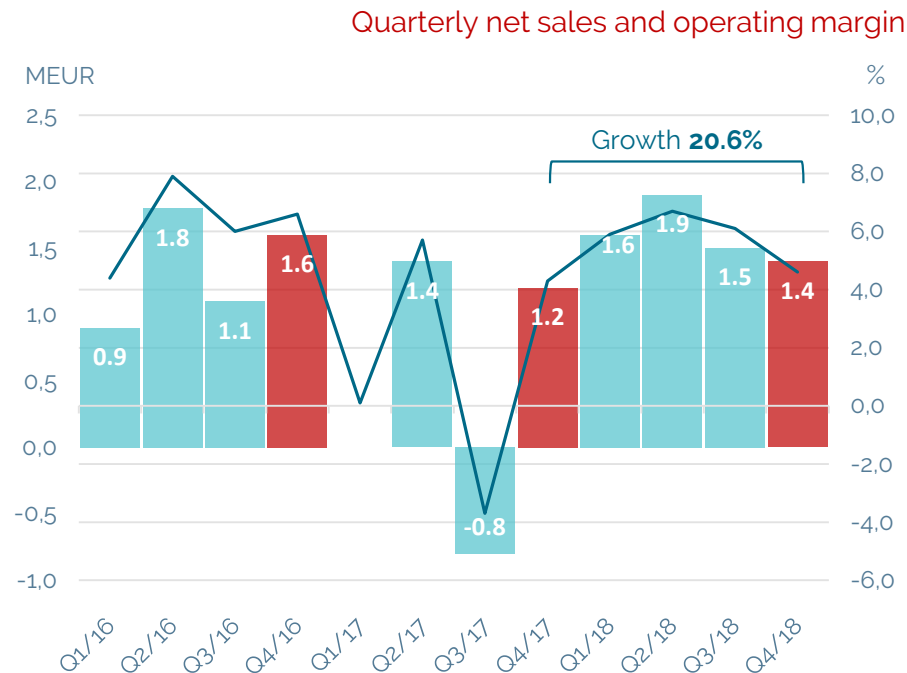
- Net sales 31.2 (27.4) MEUR
  - Service and maintenance business: 15,9 MEUR (51.1%)  
(2017: 13,9 MEUR, 50.7%)
  - Project business: 15.3 MEUR (48.9%)  
(2017: 13.5 MEUR, 49.3%)
- Growth of net sales was supported especially by
  - Integration and API solutions
  - E-commerce solutions
  - Modern software development
- Product business
  - Share of net sales 5.3 MEUR (17.1%)  
(2017: 5.9 MEUR, 21.7%)





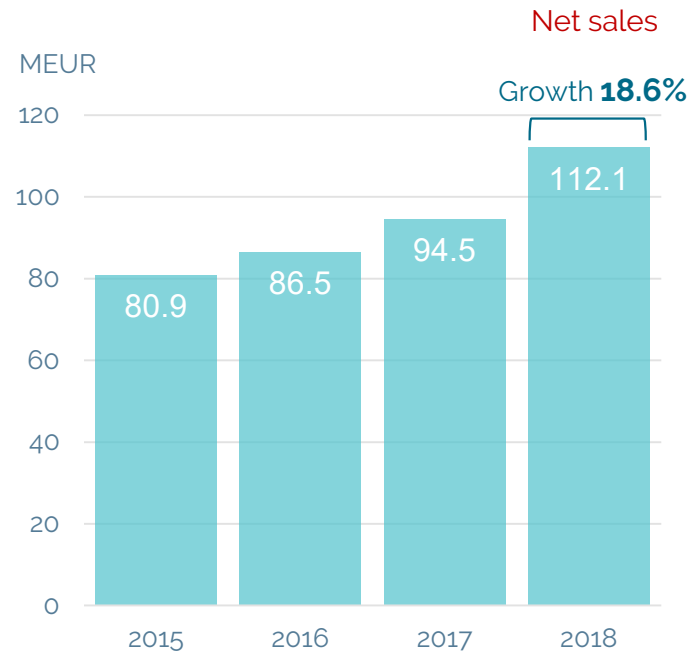
# Operating profit 1.4 MEUR, growth 20.6%

- Operating profit 1.4 (1.2) MEUR and operating margin 4.6% (4.3%) of net sales
- Earnings per share 0.04 EUR (0.03)
- Operating profit weakened partly by additional resourcing for a major customer project to ensure its successful implementation
- Growth of net sales was supported by
  - Improved profitability of integrations and digital services



# Net sales grew 18.6%

- Organic growth 12.4%
- Net sales 112.1 (94.5) MEUR
  - Service and maintenance business 56.9 MEUR (50.7%)  
(2017: 45.2 MEUR 47.8%)
  - Project business 55.2 MEUR (49.3%)  
(2017: 49.3 MEUR, 52.2%) of net sales
- Growth of net sales was supported especially by
  - Integration and API solutions
  - E-commerce solutions and e-service solutions
  - The Income register project implemented together with Tax Administration
- Product business
  - Share of net sales 19.9 MEUR , 17.8%  
(2017: 22.7 MEUR, 4.0%)

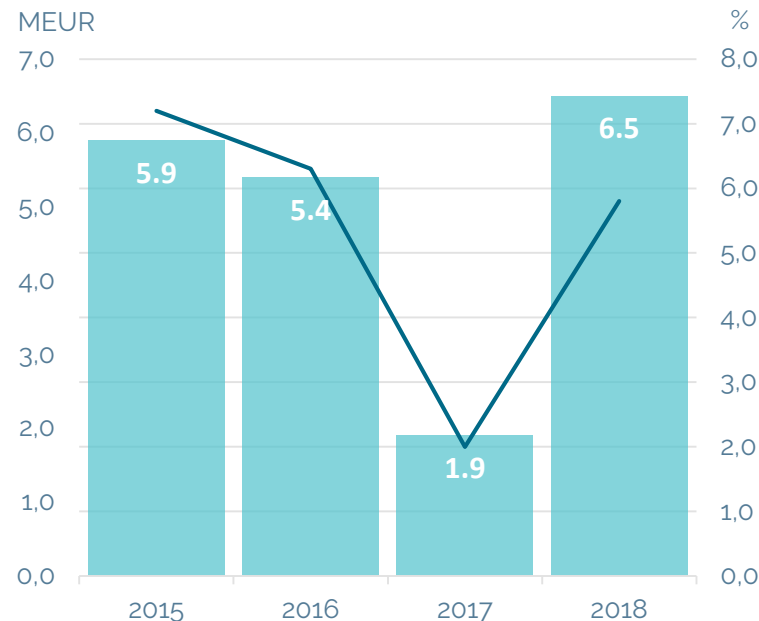


1-12/2018

# Operating profit 6.5 MEUR

- Operating profit 6.5 (1.9 ) MEUR and operating margin 5.8% (2.0%) of net sales
- Earnings per share 0.18 (0.04) EUR
- Growth of net sales was supported especially by the growth of service and maintenance business
- Development actions on profitability: focus on project management and boosting operational activities
- Operating profit burdened by
  - Low-profit, long-term agreements

Operating profit and operating margin





# Financing and Cash Flow

## 31 December 2018

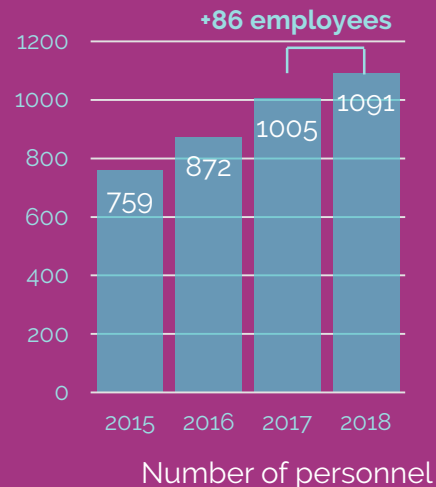
- Return on equity (ROE) 10.2% (2.5%)
- Return on investment (ROI) 10.6% (3.7%)
- Interest bearing liabilities 12.7 (4.8) MEUR
- Net gearing 26.6% (10.8%)
- Equity ratio 54.9% (51.0%)
- Total shareholders' equity 47.8 (44.1) MEUR
- Balance sheet total 88.1 (86.6) MEUR





# Personnel

- Skilled and motivated personnel is the corner stone of our success.
- Emphasis on developing expertise and renewal of expertise structure to implement growth strategy.
- Number of personnel at the end of December 2018 was 1.091.





# Implementation of growth strategy 2018

## Employee expertise development

- Job rotation
- On-the-job learning
- Training
- Supervisory work and orientation training

## Strengthening of product and service offering

- Modern integrations
- Analytics, artificial intelligence (Avarea Oy)
- ERP and CRM (Mavisystems Oy ja Mirosys Oy)
- 24/7 services

## Renewal of operating model

- Efficiency, customer care, 24/7 services
- New organisational structure into force on January 1, 2019. Adjustment of our operations according to the new organization during the first quarter.

# Renewal of dividend policy

5 February 2018

- Digia's goal is to distribute at least 30 per cent of the Group's annual result as dividends.
- Dividend proposal 0,07 EUR/share, 43.4% of 2018 net profit

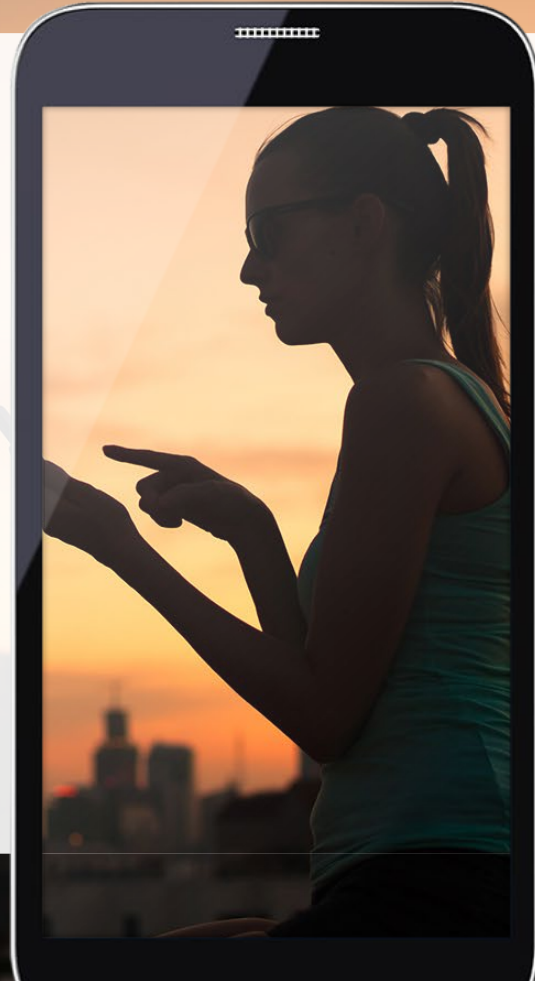
GOAL  
> 30 %  
as  
dividend



The background is a photograph of a city skyline at sunset, with a multi-lane highway in the foreground. Overlaid on this is a network diagram consisting of various icons (cloud, antenna, Wi-Fi, smartphone, truck, train, coffee cup, etc.) connected by thin white lines. A large white rectangular box is centered over the image, containing the text.

Intelligent networked world is our  
opportunity

In Digia, we believe in a world where value is created in digital ecosystems utilising data intelligently.



# Keys to success

- Front-end
- Integrations
- Back-end

Design

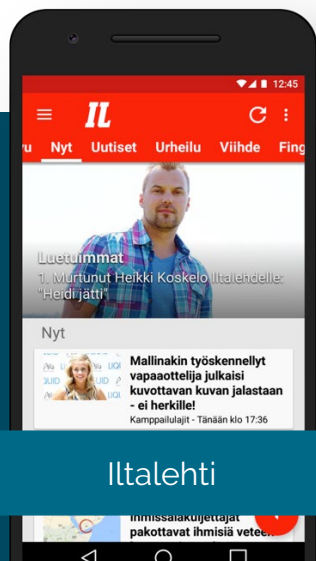
Data

Functionality



# Customer experience happens also in mobile

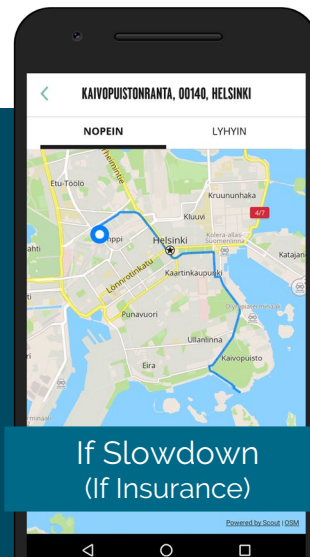
- Digia acquired Starcut Oy 31 Jan 2019 and strengthens its role in mobile services.
- Starcut is specialised in mobile applications and cloud services.
- Net sales of Starcut in 2018 was 1.28 MEUR and number of employees 19.



Ilta-lehti



HIFK mobile app

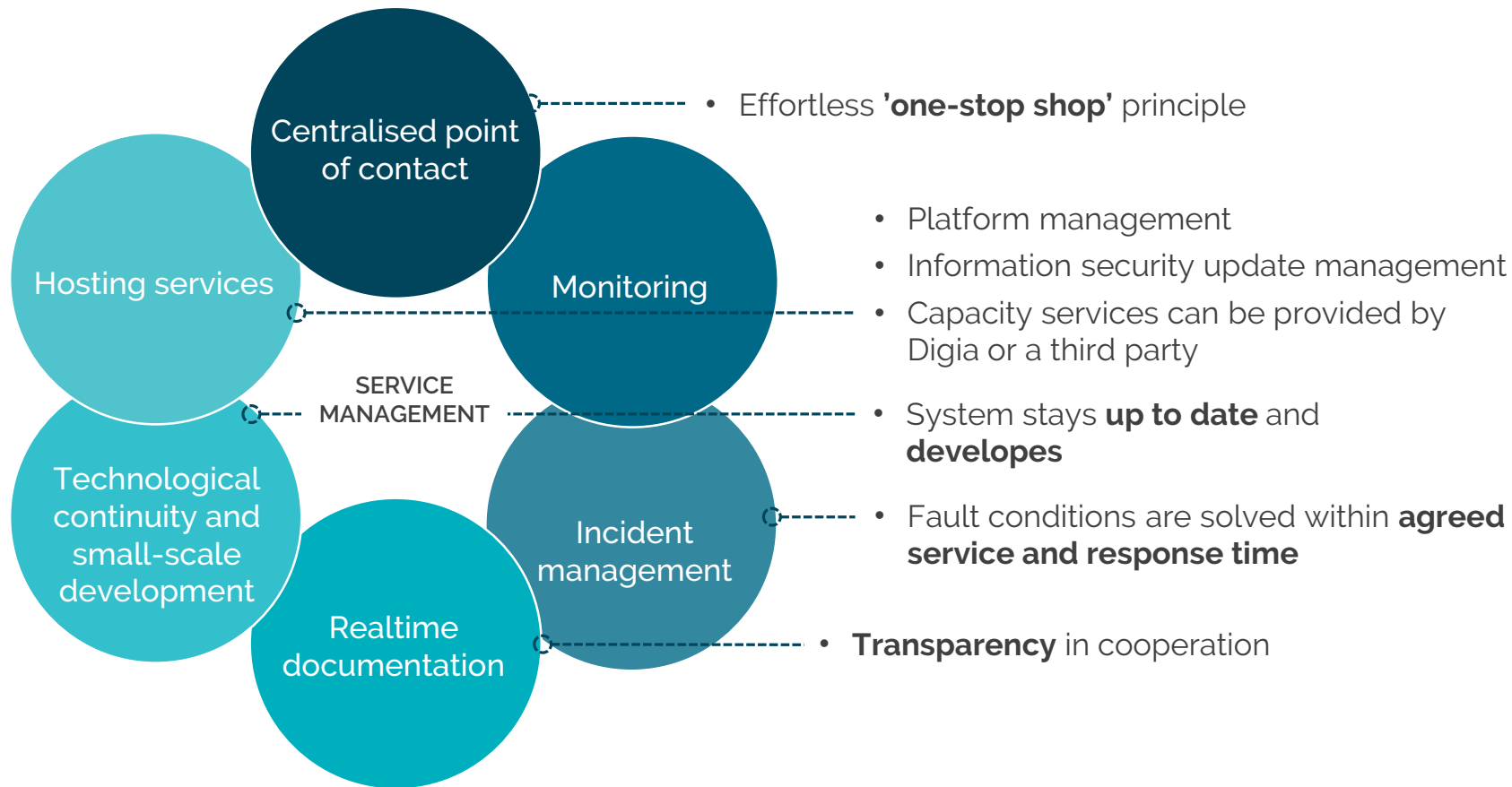


If Slowdown  
(If Insurance)

# Data is in the centre



# Continuity 24/7



# Market development

## Digital projects

Separate projects



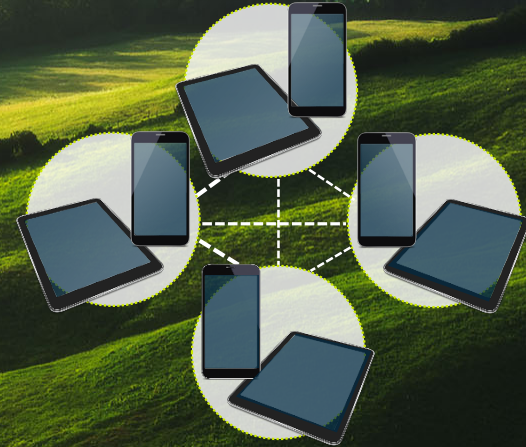
## Digital business and platforms

Development of the ensemble, implementation in phases



## Digital ecosystems

Operating in networks




Customer experience: design, data, functionality



# Feel and productivity

- Data, design and customer experience
- Integration capability
- Digital platforms
- Continuous platforms and 24/7 support
- Agile and meshed operating models
- Operating model and structure 1 Jan 2019



A photograph of a person with brown hair tied in a ponytail, wearing a red sweater, standing on a wooden pier. They are holding black binoculars to their eyes and looking out over a vast, deep blue ocean. The pier is made of weathered wooden planks, and a rope is visible on the right side. The scene is captured from a high angle, looking down at the person.

# Profit guidance for 2019

- Digia's net sales will continue to grow and operating profit in euros will improve compared to 2018.



The Digia logo, consisting of the word "digia" in white lowercase letters inside a red square.

digia

# Thank you.

[digia.com](https://digia.com)



