

07.02.2020

Martela Financial report 1- 12/2019



Martela

Revenue and EBIT improved in Q4

- The October–December 2019 revenue was EUR 29.9 million
 - Revenue increased 7.3% compared to same period last year
- Operating result was EUR 0.6 million, EBIT % was 1.9
 - Operating result improved by EUR 0.8 million compared to prior year
- Profit for the period was MEUR 0.5 million

Full year revenue and comparable EBIT improved compared to previous year

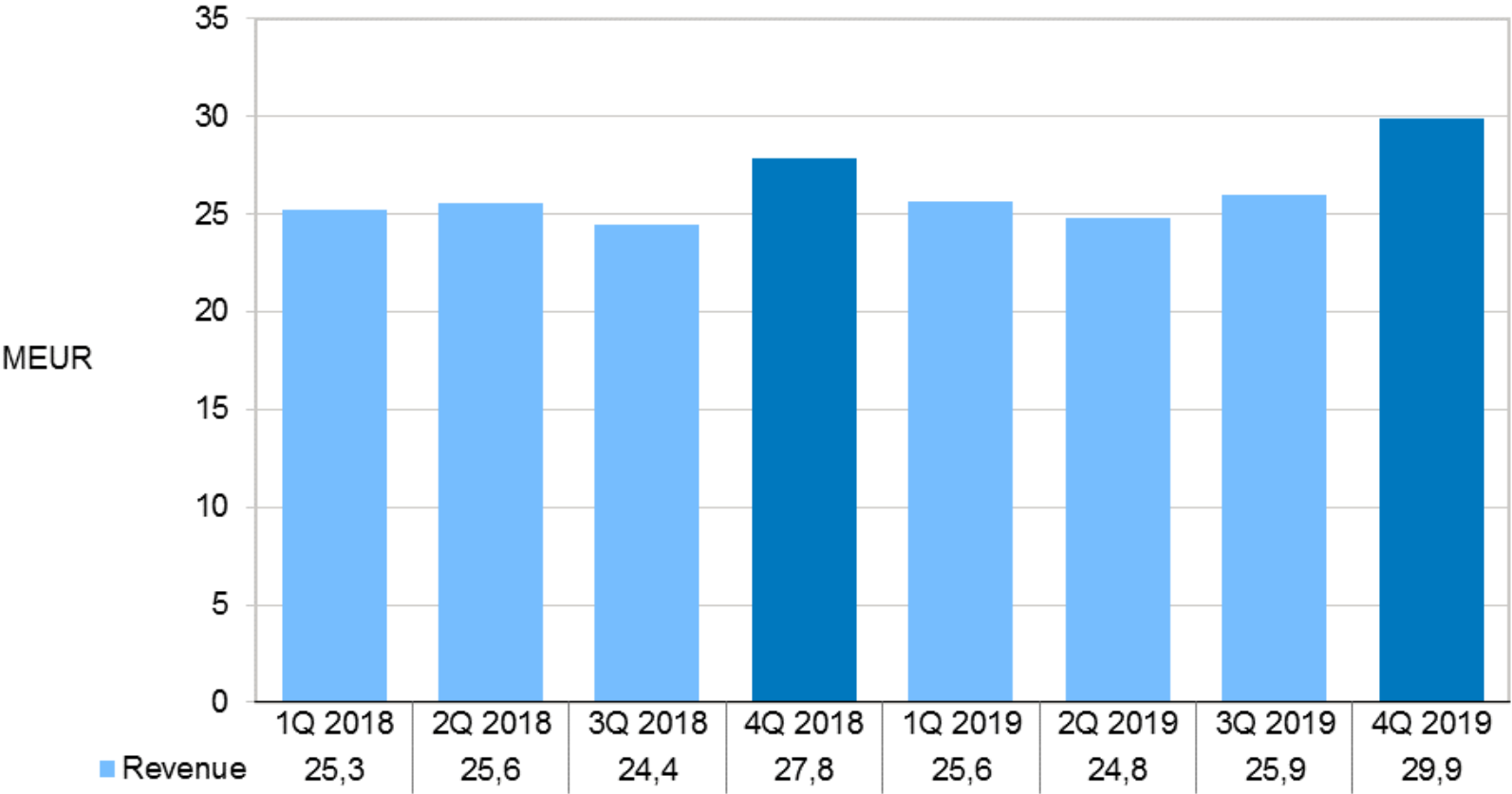
- The January–December 2019 revenue increased slightly and operating result remained on the same level compared to previous year.
 - Operating result did not increase due to tight competition which has maintained sales margins on a lower level, and due to non-recurring items caused by savings actions.
- The Group's comparable operating result was EUR -1.6 million (-2.1) and operating result according to IFRS was EUR -2.0 million (-2.1)
- Cash flow from operating activities in January–December was EUR 6.3 million (7.4).
 - The current year figure was improved by EUR 2,6 million due to the reclassification of rental expenses to repayments of lease liabilities in cash flow from financing activities under IFRS 16.

Full year revenue increased by 3 %

The January–December 2019 revenue was EUR 106,2 million (103,1) representing an increase by 3 % compared to previous year.

- Finland: Revenue declined by 3.5 %.
 - The competition in the public sector has remained tight
- Sweden: Revenue increased by 51.4 %.
- Norway: Revenue increased by 49.5 %.
- Other countries: Revenue declined by 0.8 %.
- There has not been any material changes in the private segment market situation during the year. The competition in the Finnish public sector has remained tough, which has kept the sales margins low.

Revenue

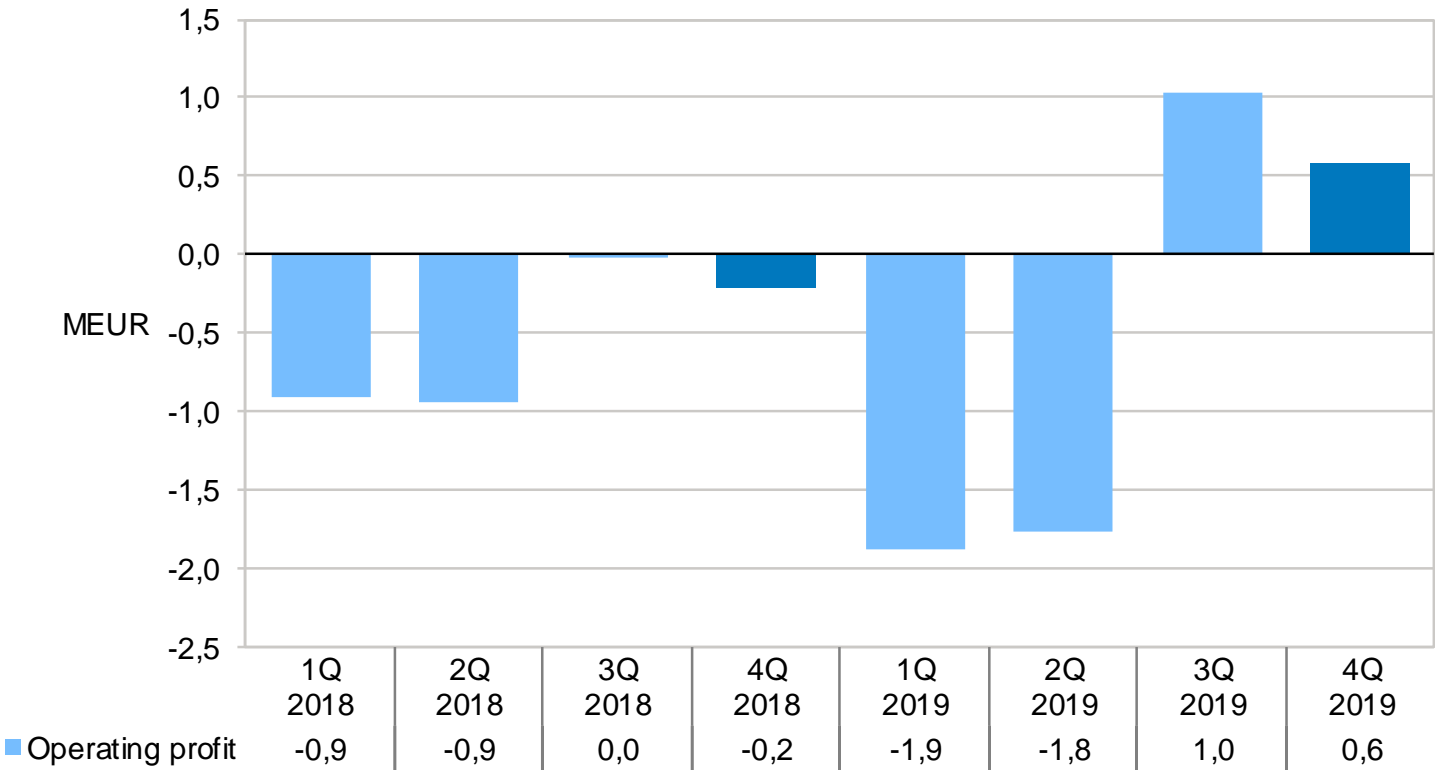


Full year comparable operating result increased compared to prior year

January-December comparable operating result was EUR -1.6 million (-2.1) and operating result according to IFRS was EUR -2.0 million (-2.1)

- The IFRS result includes non-recurring costs of EUR 0,4 million resulting from savings actions.
- The operating result was also affected by a EUR 0,4 million write-off on receivables from a reseller
- Actions done in 2018 to streamline internal processes and further centralize support functions to Finland have had a positive impact on fixed costs
- Martela started a cost efficiency improvement program in the second quarter of 2019 in order to improve its profitability.
 - Target for the cost efficiency program is to reach EUR 4 million annual savings by end of 2020. Planned savings will start to materialize gradually from the beginning of 2020 and will have full impact by the first quarter of 2021.
 - Already implemented actions of this program will lead to savings of approx. EUR 2.8 million

Operating result development

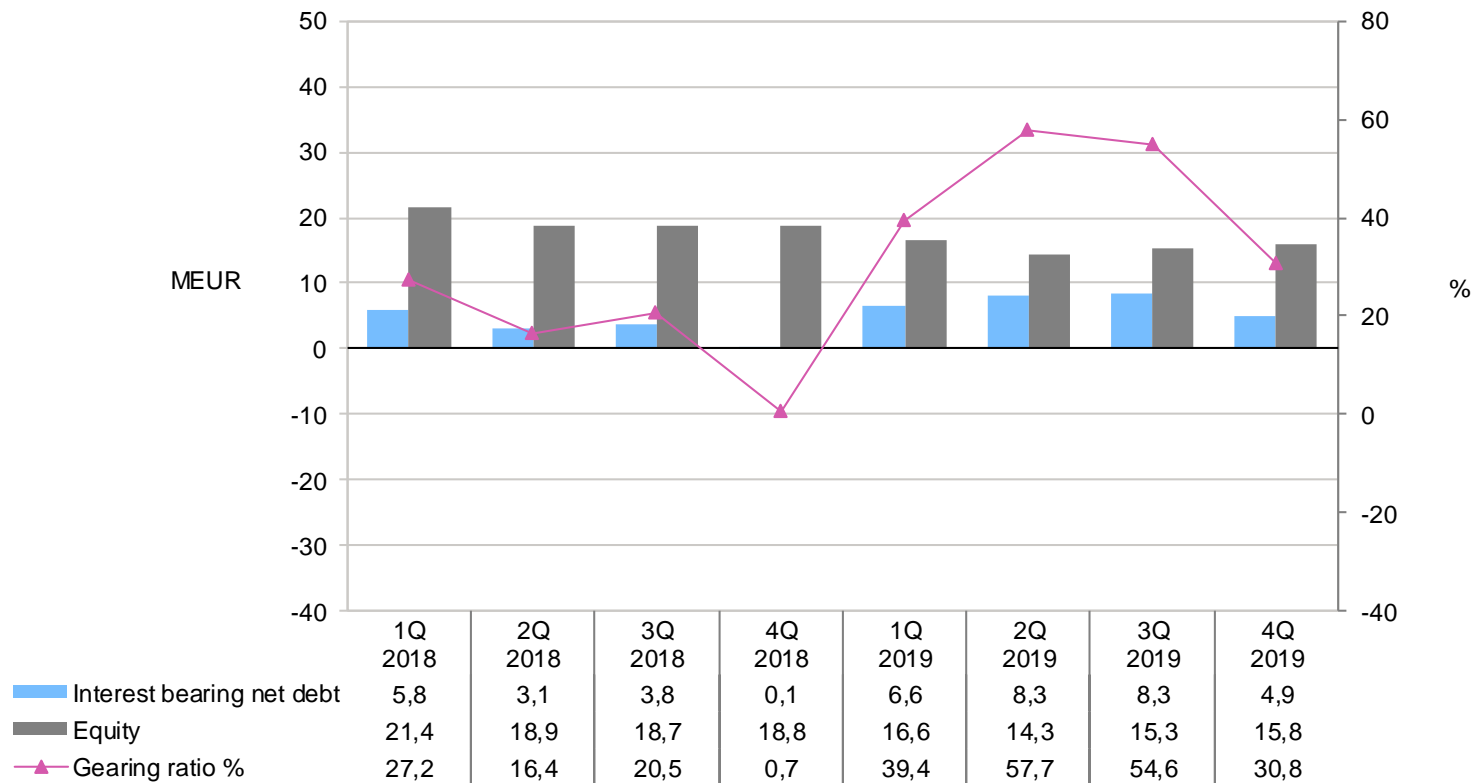


January - December 2019

Other key figures

- Cash flow from operating activities in January–December was EUR 6.3 million (7.4).
- Result of the period January-December was EUR -2.5 million (-2.4)
- Equity ratio was 30.6 % (39.2)
- Gearing was 31.5 % (0.7)

Gearing



The implementation of IFRS 16 increased the lease liabilities by EUR 6.6 million in Q1/2019, EUR 6.0 million in Q2/2019, EUR 5.4 million in Q3/2019 and EUR 5.1 million in Q4/2019

Second half of 2019 showed several improvements

FIRST HALF

- Sales on same level than PRY
- Sales growth in NOR and SWE
- Sales declined in Finland and Other areas
- Decreased sales margins
- 4M€ savings program introduced

SECOND HALF

- Sales growth in all other areas than Finland (7 % in H2 2019)
- Improved sales margins compared to prior year and H1/2019
- Fixed cost savings
- EBIT improvement 1,8 M€ compared to prior year second half (including restructuring costs and credit loss of total 0,8 M€)

Outlook for 2020

Martela Group anticipates that its 2020 revenue and operating result will improve slightly compared to the previous year.

Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.



Appendix

Revenue 1-12 / 2019 (2018)

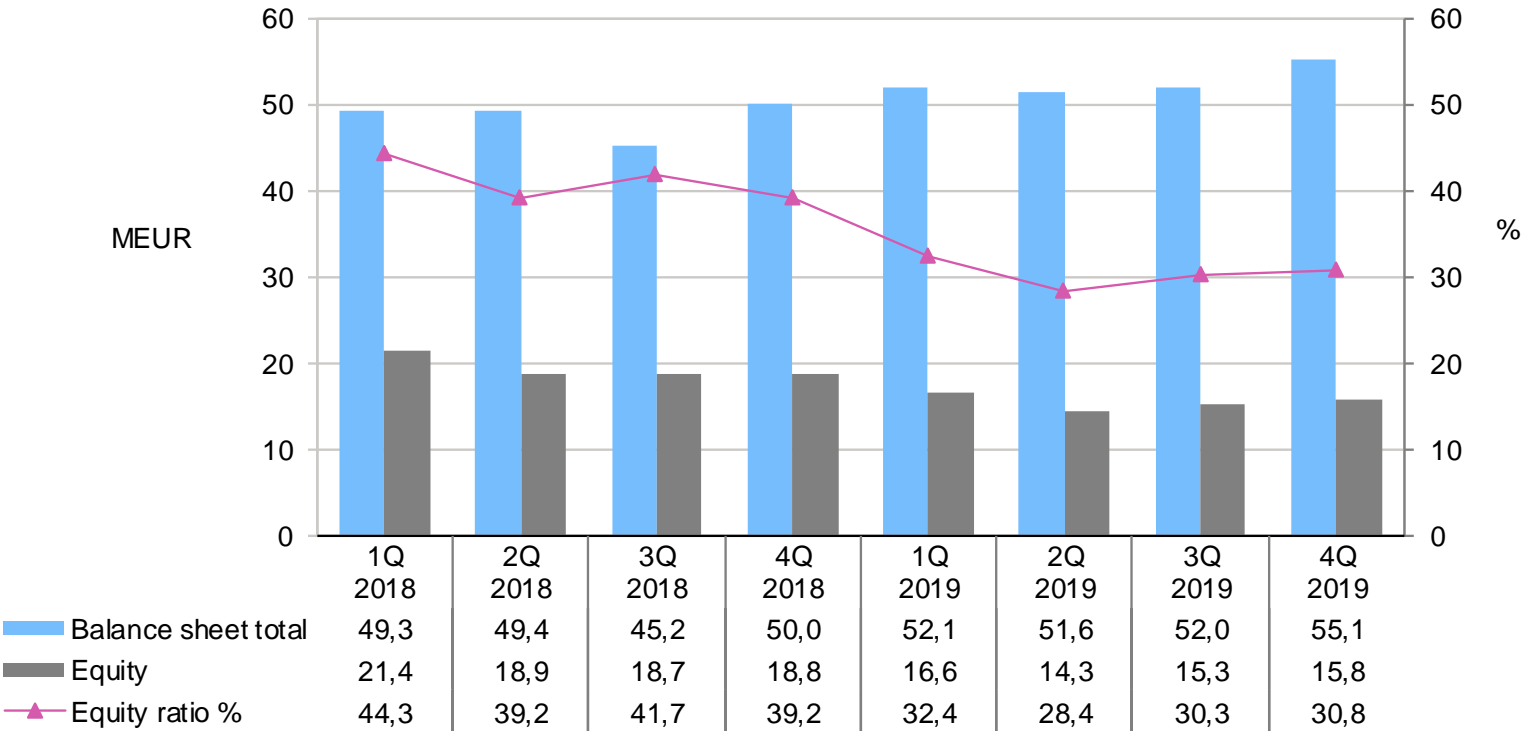
Finland EUR 83.2 million (86.2), -3.5 %

Sweden EUR 10.7 million (7.0), 51.4 %

Norway EUR 7.8 million (5.2), 49.5 %

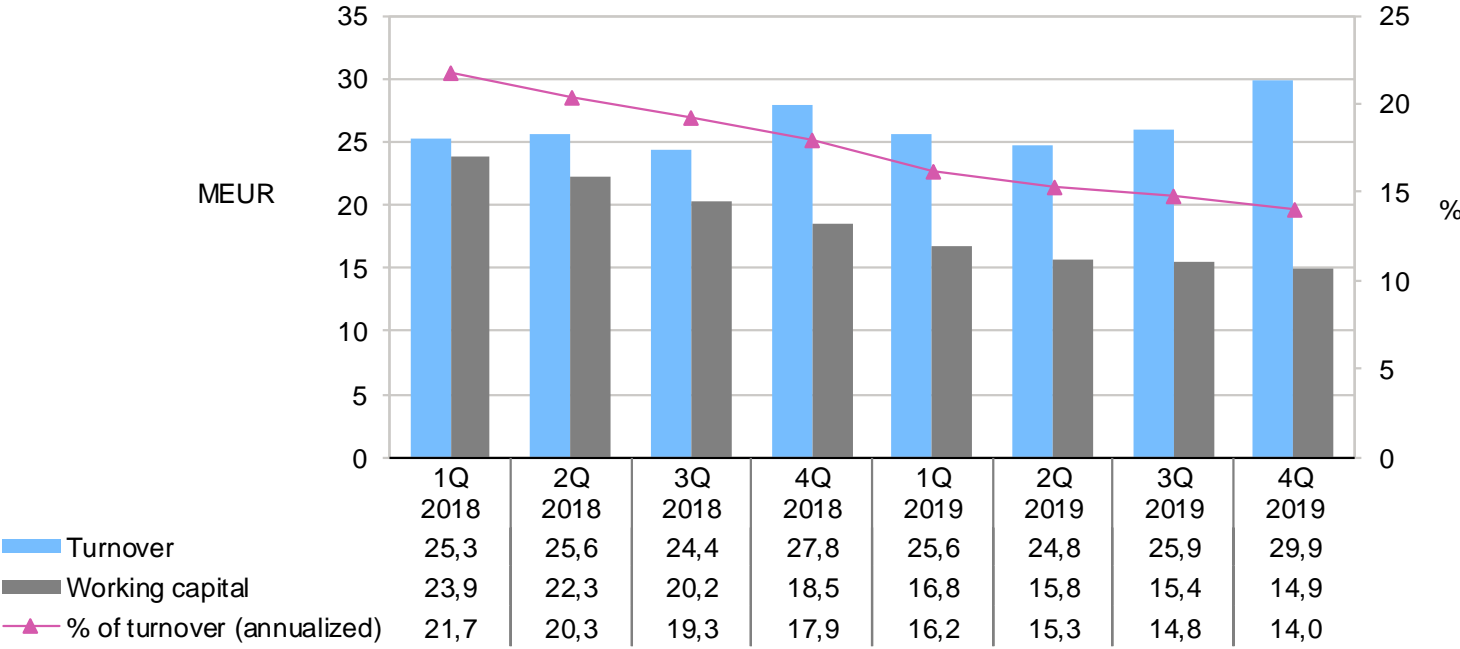
Other countries EUR 4.6 million (4.6), -0.8 %

Balance sheet

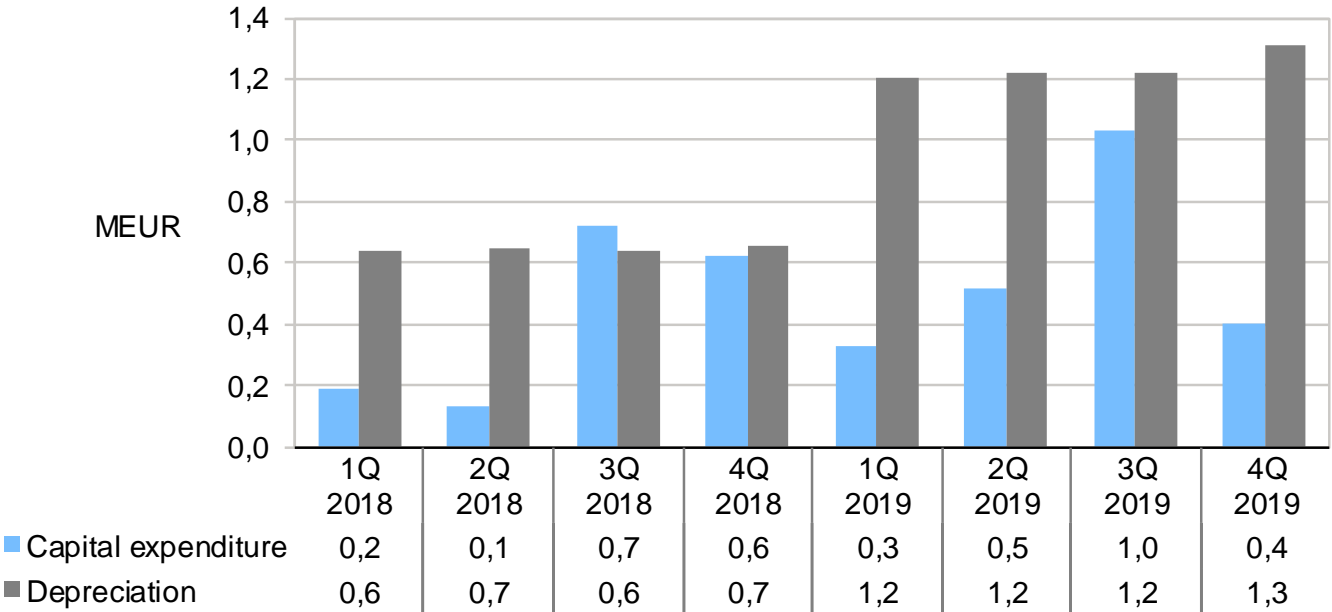


Working Capital

On average 12 months



Capital Expenditure and Depreciations



Profitability by quarter

