2019
Half Year report

9.8.2019

Inspiring
spaces

Martela

JANUARY-JUNE 2019 SUMMARY

- The January–June 2019 revenue remained on the same level and operating result decreased compared to previous year.
  - Operating result decreased due to the tight competition which has led to decreased sales margins.

- The Group's operating result was EUR -3.6 million (-1.8)

- Cash flow from operating activities in January–June was EUR 0.6 million (3.9).
  - The current year figure was improved by EUR 1,3 million due to the reclassification of rental expenses to repayments of lease liabilities in cash flow from financing activities under IFRS 16.

Inspiring spaces
Martela

JANUARY– JUNE 2019 REVENUE

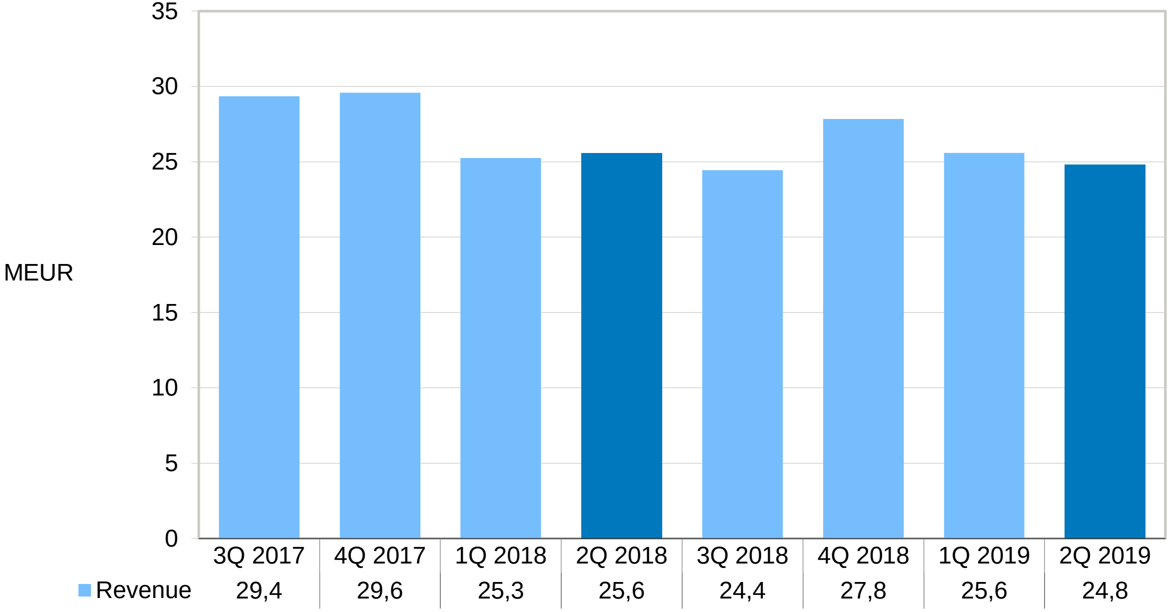
January-June revenue remained on the same level compared to previous year

January-June revenue was EUR 50.4 million (50.8)

- Finland: Revenue declined by 3.5 %.
  - Postponement of frame agreement negotiations in the public sector affected sales throughout the review period.
- Sweden: Revenue increased by 23.6 %.
- Norway: Revenue increased by 38.2 %.
- Other countries: Revenue declined by 39.5 %.
- There has not been any material changes in the private segment market situation during the year. The demand on in the Finnish public sector was weakened due to the postponement of frame agreement negotiations which postponed the purchase decisions. The negotiations have been closed in Q2.

Inspiring spaces
Martela

REVENUE



Inspiring spaces
Martela

JANUARY– JUNE 2019 OPERATING RESULT

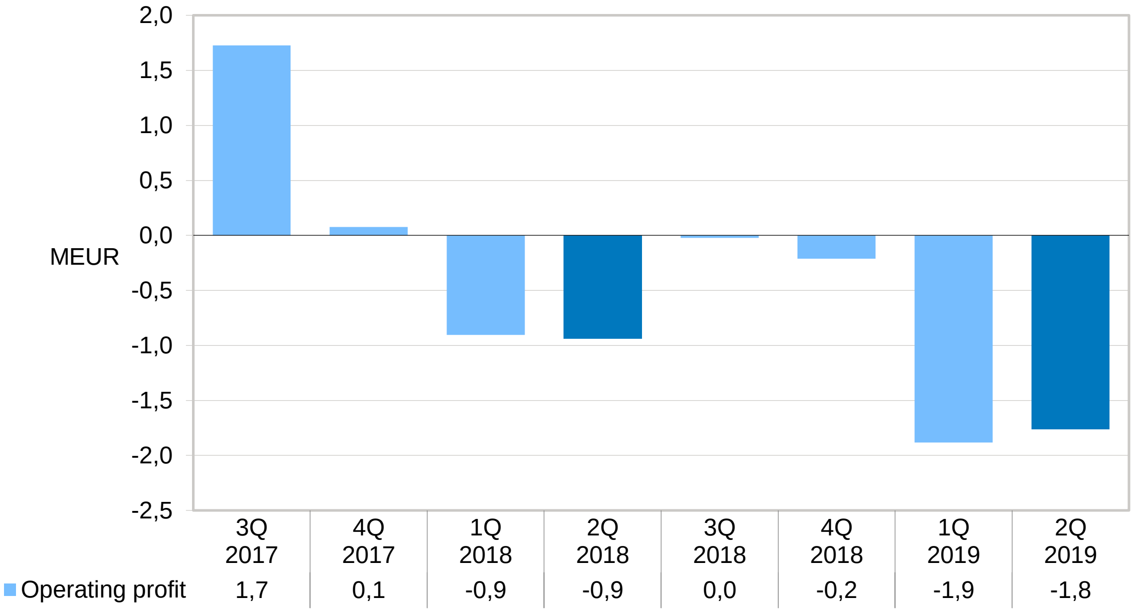
January-June operating result declined compared to previous year.

January-June operating result was EUR -3.6 million (-1.8)

- Sales margin was negatively impacted by the tough market situation.
- 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 in order to improve its profitability.
    - Target for the cost efficiency program is to reach EUR 4 million annual savings by end of 2020.
    - In addition to decrease fixed costs, company is also investigating other alternatives to change cost base to be more flexible. Planned savings will start to materialize gradually from the beginning of 2020 and will have full impact by the first quarter of 2021.
    - Implemented actions of this program include a decision to reduce approximately 40 jobs, which will bring approximately EUR 2 million savings from beginning of 2020 onwards.

Inspiring spaces
Martela

OPERATING RESULT



Inspiring spaces

Martela

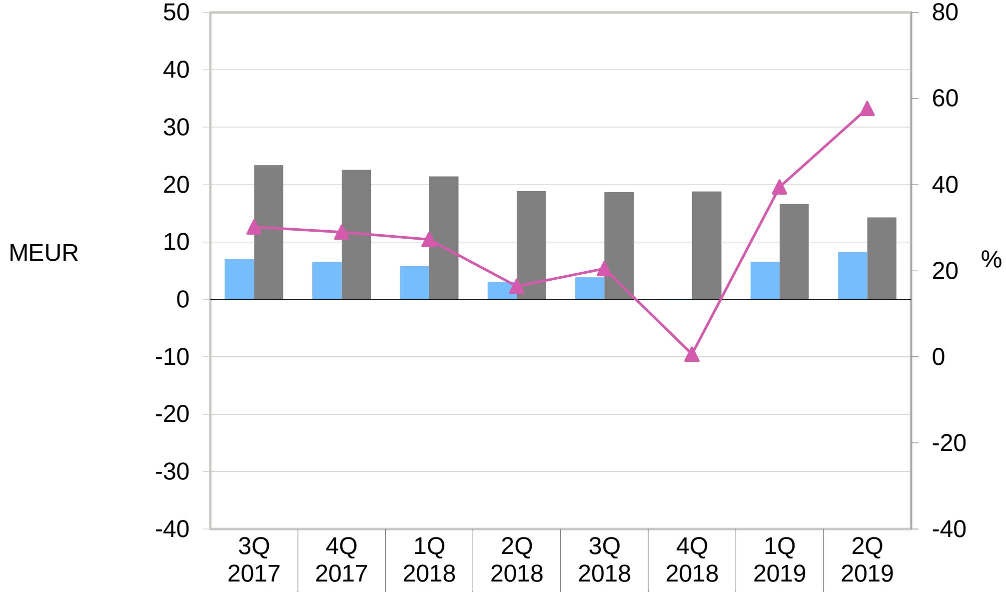
JANUARY-JUNE 2019
OTHER KEY FIGURES

- Cash flow from operating activities in January–June was EUR 0.6 million (3.9).
- Result of the period January-June was EUR -3.9 million (-2.2)
- Equity ratio was 28.4 % (39.2)
- Gearing was 57.7 % (16.4)

Inspiring spaces

Martela

GEARING



	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Interest bearing net debt	7,1	6,6	5,8	3,1	3,8	0,1	6,6*	8,3*
Equity	23,4	22,6	21,4	18,9	18,7	18,8	16,6	14,3
Gearing ratio %	30,2	29,0	27,2	16,4	20,5	0,7	39,4	57,7

*The implementation of IFRS 16 increased the lease liabilities by EUR 6.6 million in Q1/2019 and EUR 6.0 million in Q2/2019

Inspiring spaces
Martela

MAIN FOCUS AREAS

Implementing the Martela Lifecycle strategy in the Nordic countries

Increasing sales volumes	Increasing profitability	Increasing cash flow	Fine-tuning procedures

Inspiring spaces
Martela

OUTLOOK FOR 2019

Martela Group anticipates that its 2019 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.

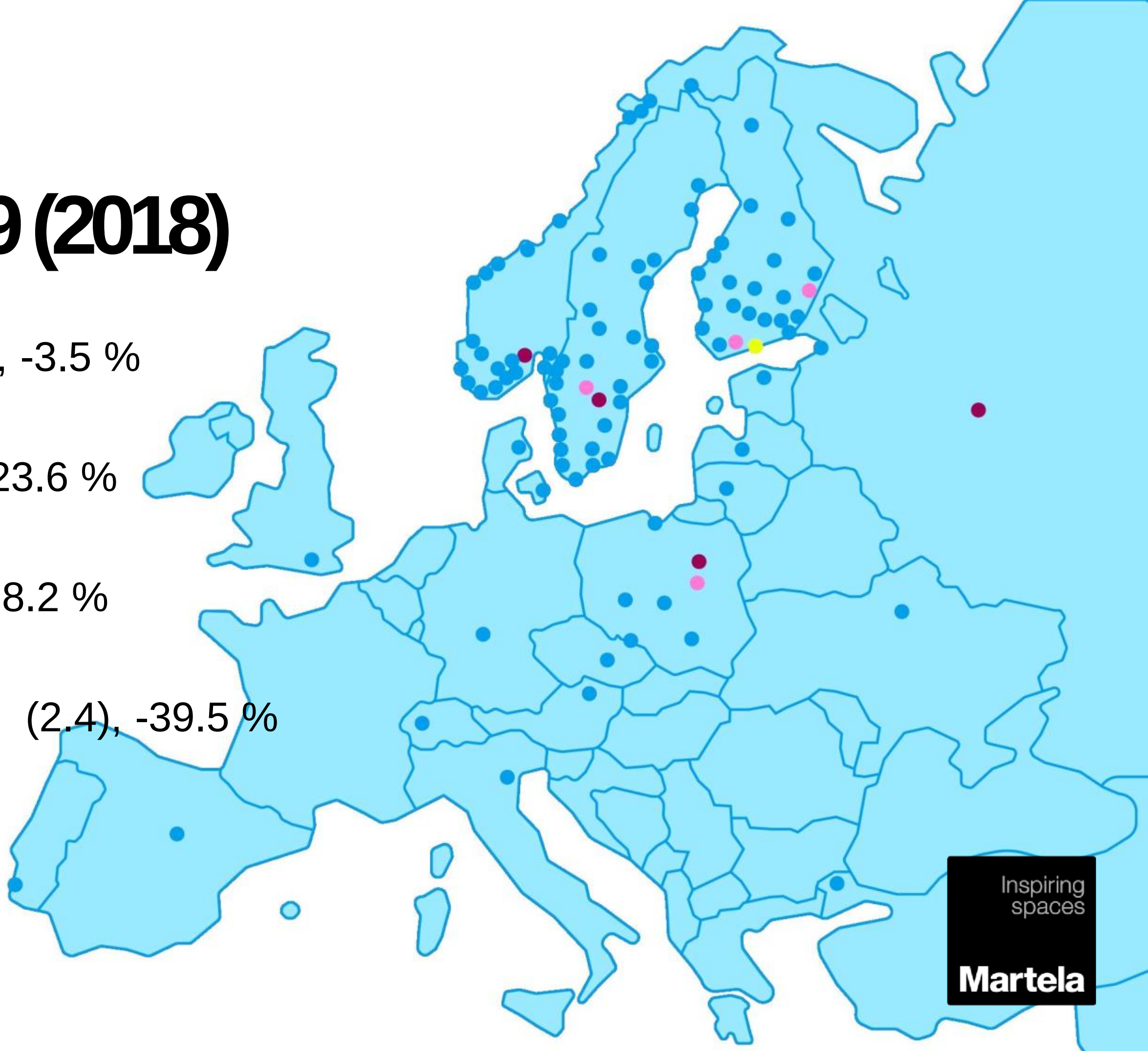
THANK YOU !

The figures in this report have been rounded and so the combined sum of individual figures may differ from the sums presented.

APPENDIX

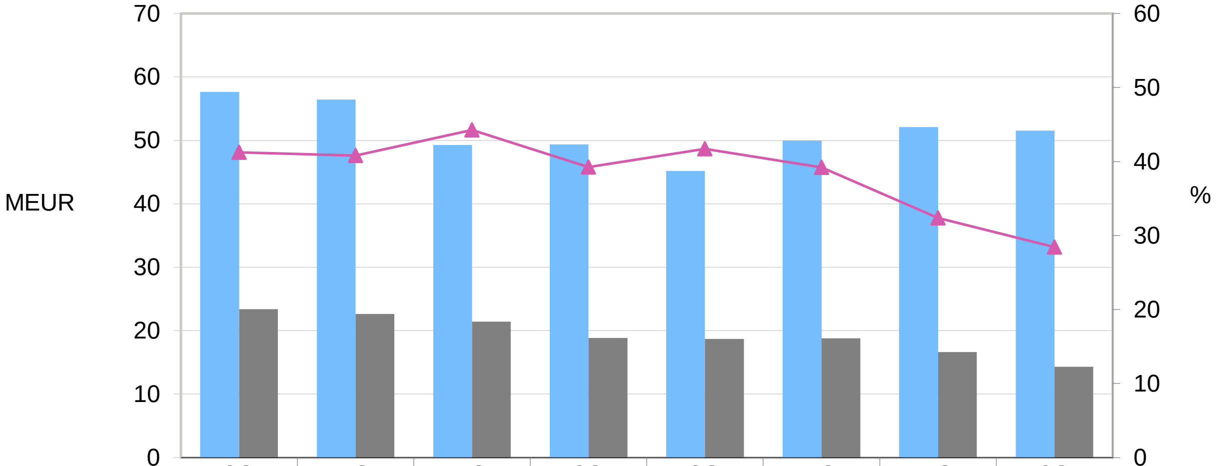
REVENUE 1-6 / 2019 (2018)

- Finland EUR 40.4 million (41.9), -3.5 %
- Sweden EUR 4.5 million (3.6), 23.6 %
- Norway EUR 4.1 million (2.9), 38.2 %
- Other countries EUR 1.4 million (2.4), -39.5 %



Inspiring spaces
Martela

BALANCE SHEET

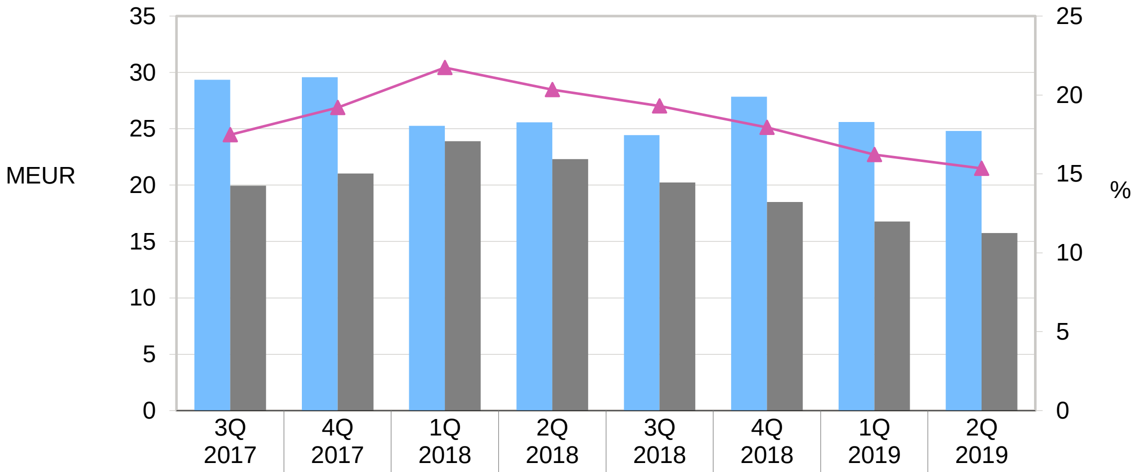


	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Balance sheet total	57,7	56,4	49,3	49,4	45,2	50,0	52,1	51,6
Equity	23,4	22,6	21,4	18,9	18,7	18,8	16,6	14,3
Equity ratio %	41,2	40,8	44,3	39,2	41,7	39,2	32,4	28,4

*IFRS16 is impacting the equity ratio in 2019 vs 2018

Inspiring spaces
Martela

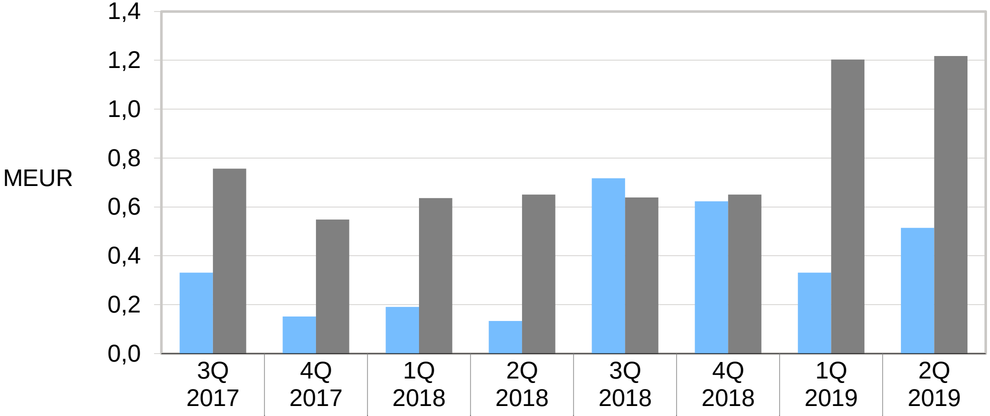
WORKING CAPITAL
On average 12 months



	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Turnover	29,4	29,6	25,3	25,6	24,4	27,8	25,6	24,8
Working capital	20,0	21,0	23,9	22,3	20,2	18,5	16,8	15,8
% of turnover (annualized)	17,5	19,2	21,7	20,3	19,3	17,9	16,2	15,3

Inspiring spaces
Martela

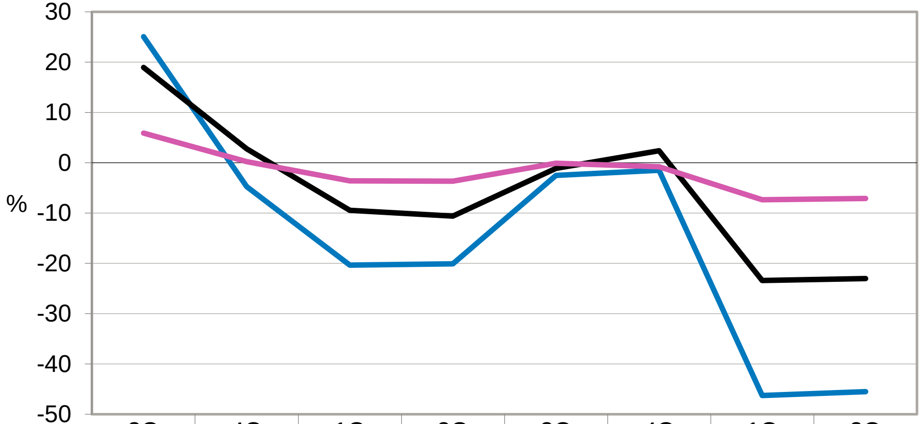
CAPITAL EXPENDITURE AND DEPRECIATIONS



	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Capital expenditure	0,3	0,2	0,2	0,1	0,7	0,6	0,3	0,5
Depreciation	0,8	0,5	0,6	0,7	0,6	0,7	1,2	1,2

Inspiring spaces
Martela

PROFITABILITY BY QUARTER



	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
Return on equity	25,1	-4,7	-20,3	-20,1	-2,5	-1,5	-46,2	-45,5
Return on investment	19,0	2,8	-9,5	-10,6	-1,1	2,4	-23,4	-23,0
Operating profit %	5,9	0,3	-3,6	-3,7	-0,1	-0,8	-7,4	-7,1

Inspiring spaces
Martela