MARTELA
Half year financial report 1-6/2016

August 9th, 2016

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WORKPLACE SPECIALIST

Martela is one of the Nordic leaders specializing in user centric working and learning environments. We offer our customers a single point of contact for the entire workplace lifecycle - from specifying the space need to maintaining the workplace in a prime condition.

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We believe workplace is an opportunity
• to enhance engagement, innovation and productivity
• to attract and keep the best employees
• to save costs
• to strenghten the company brand
• to support company responsibility
• to have your employees feel THANK GOD IT'S MONDAY
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A single point of contact for the entire Workplace Lifecycle

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Responsible workplace

1.

Social responsibility

- User-centric workplace design to support the wellbeing of individuals and the entire working community enhancing a positive corporate culture

2.

Economic responsibility

- Productivity through improved efficiency of knowledge work
- Cost savings from more efficient use of space
- Efficiency through flexible adaptability to changing space needs

3.

Environmental responsibility

- Re-use and recycling of furniture
- Energy savings through effective use of space

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JANUARY-JUNE 2016 SUMMARY

- Strategy was sharpened
- Second quarter revenue increased by 6.3 per cent on the previous year.
- Revenue for January–June increased by 5.4 per cent, with especially strong growth recorded by the Business Unit Finland & Sweden, the overall revenue of which increased 12.1 per cent on last year.
- The Group’s comparable second quarter operating result was EUR 1.2 million (0.2) in the second quarter and EUR 1.0 million (-1.1) in the first half year.
- The cash flow from operating activities in January–June was EUR 5.7 million (-1.2). Cash flow was improved by a decreased working capital during the review period.

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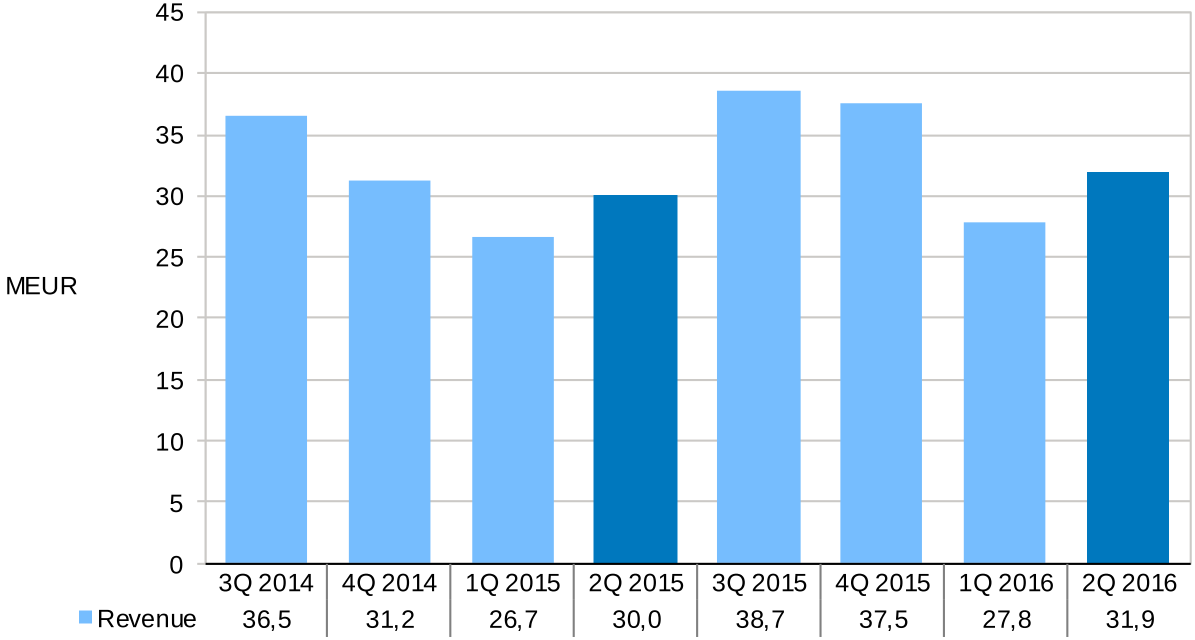
REVENUE



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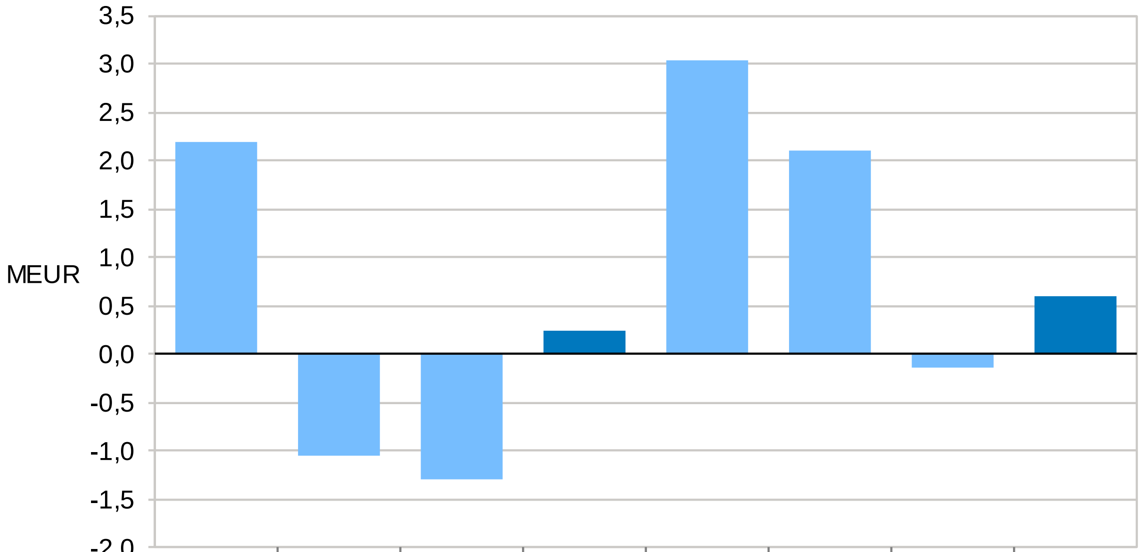
OPERATING PROFIT



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Operating profit	2,2	-1,0	-1,3	0,2	3,0	2,1	-0,1	0,6

JANUARY – JUNE 2016

Group revenue and EBIT improved slightly

- **Consolidated revenue for January-June was EUR 59.7 million (56.6)**
  - Different revenue development compared to previous year:
  - Finland: Remained on previous year's level
  - Sweden: Increased clearly
  - Norway: Decreased slightly
  - Poland and Russia : Decreased clearly
  - Market climate remains challenging in Finland but stronger in Sweden. Martela has announced of withdrawal of own sales operations in Poland and Russia.
  - Interest in Activity Based Office –solutions and Martela Lifecycle® -model remains high.
- **Comparable Operating result* for January-June was EUR 1.0 million (-1.1)**
  - Group fixed costs were clearly lower compared to previous year due to the implemented cost saving actions.
  - Sales margin decreased slightly compared to previous year due to the structure of the revenue during the review period.

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*Operating result adjusted with restructuring charges of EUR 0,6 million

JANUARY – JUNE 2016

Other key figures:

- The cash flow from operating activities in January-June was EUR 5.7 million (-1.2)
- The equity ratio was 41.9 % (35.7)
- The gearing ratio was -0.9 % (46.3)

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CENTRAL FOCUS AREAS

- Implementation of Martela Lifecycle model in the Nordic countries
- Change in customer perception
- Customer and employee experience
- Increased revenue from services
- Profitable growth

→ **Improvement of profitability**

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OUTLOOK FOR 2016

The Martela Group anticipates that the Martela Group’s revenue will slightly decline compared to previous year, however the Group’s IFRS operating result will remain at the level of 2015. Due to normal seasonal variations, the Group’s operating result accumulates mainly during the second half of the year.

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Appendix

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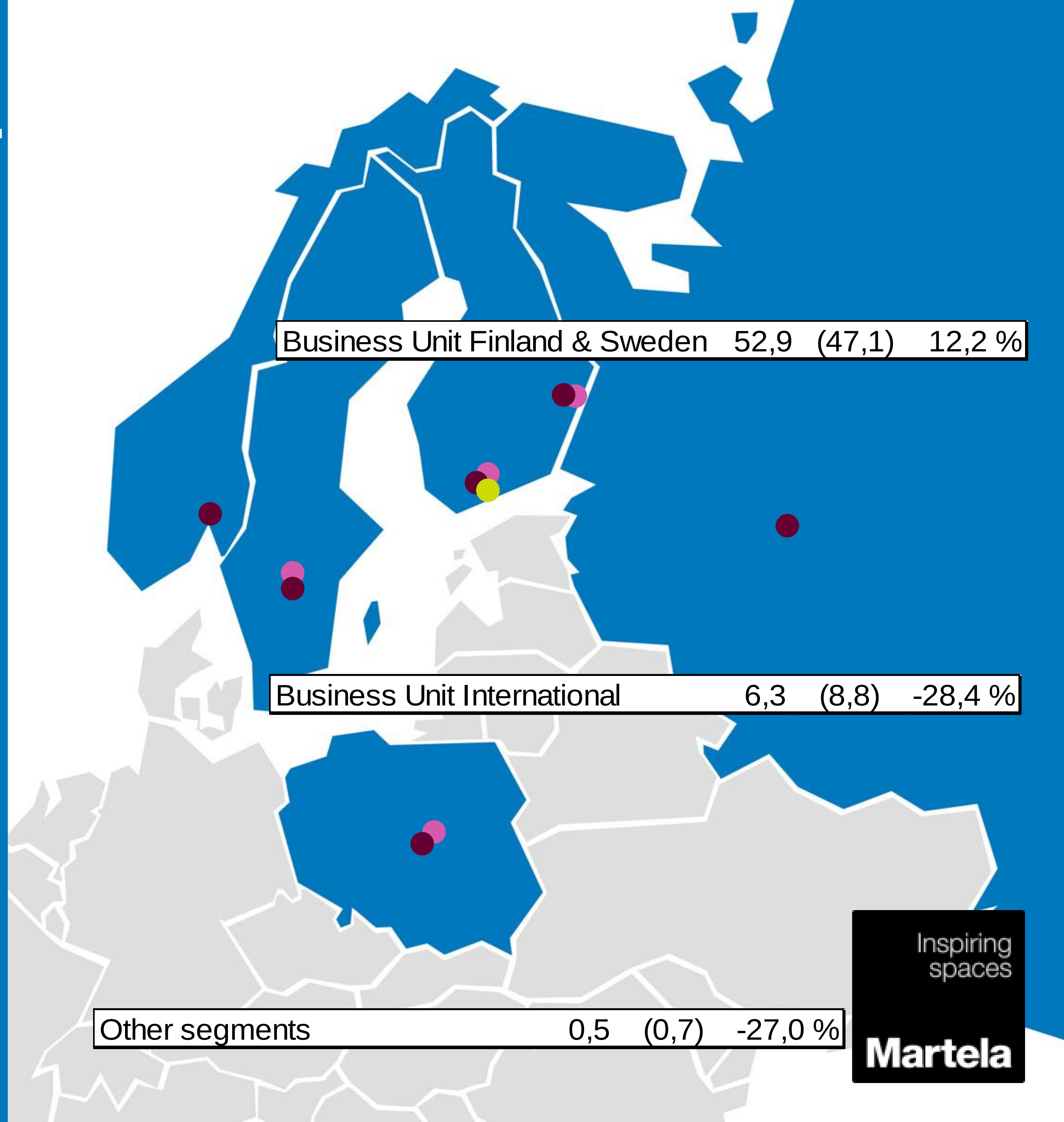
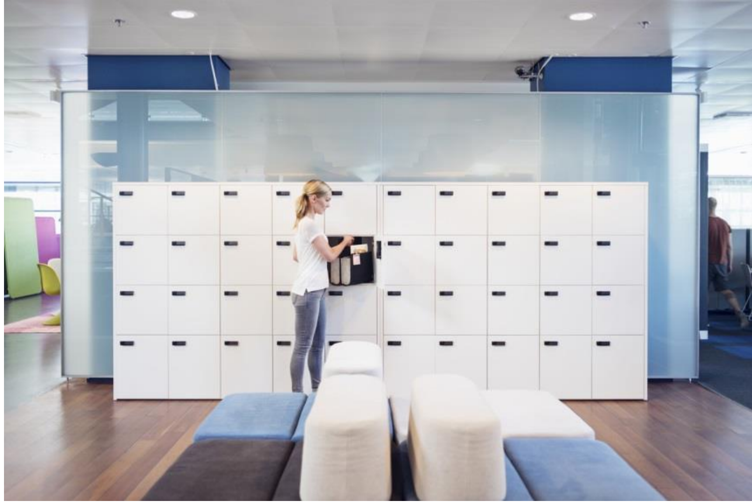
EXTERNAL REVENUE 1-6/2016 (2015)



- Head Office
- Production
- Subsidiary

OPERATING PROFIT DEVELOPMENT 2016



EUR million	4-6 2016	4-6 2015	1-6 2016	1-6 2015	1-12 2015
Finland & Sweden	1,7	1,1	2,7	2,0	7,7
International	-1,1 *	-0,4	-1,9 *	-1,3	-2,7
Other Segments	-0,1	-0,4	-0,3	-1,8	-1,0
Total	0,6 *	0,2	0,4 *	-1,1	4,1

*Sisältää 0,6 M€:n uudelleenjärjestelyvarauksen

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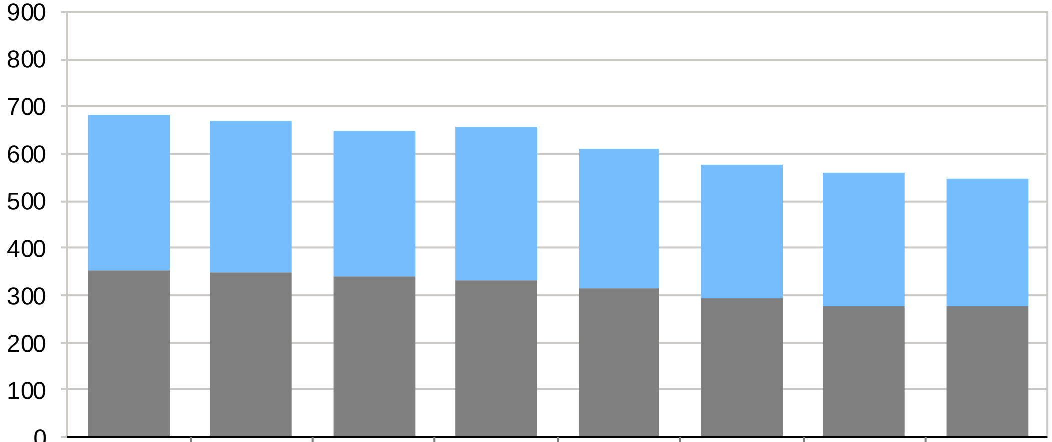
PERSONNEL AT WORK, END OF PERIOD



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Total	683	670	649	659	609	575	559	549
Workers	329	320	308	328	294	283	281	271
Salaried	354	350	341	331	315	292	278	278

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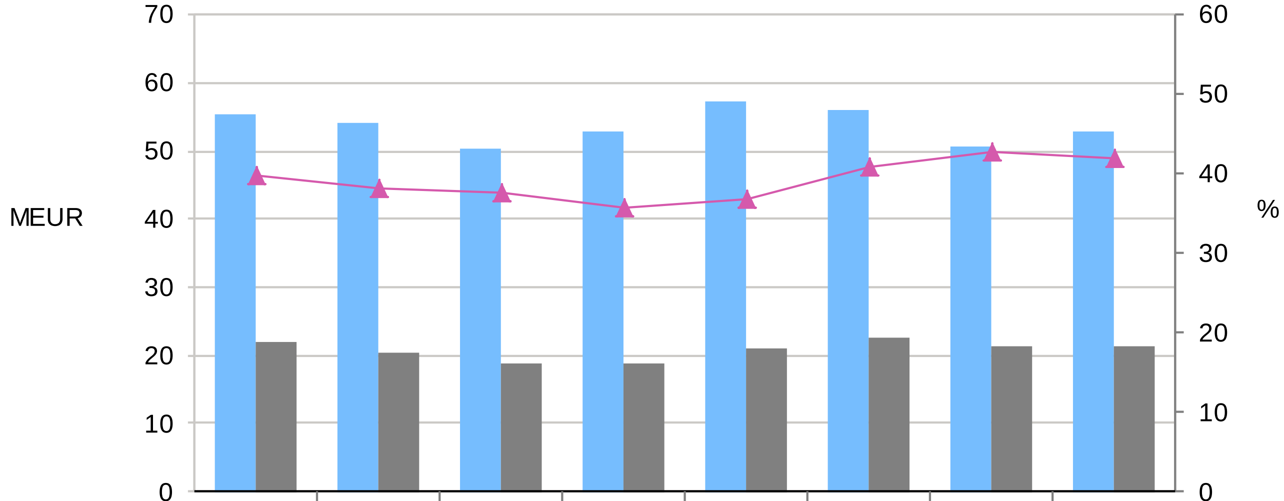
BALANCE SHEET



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Balance sheet total	55,5	54,2	50,3	52,9	57,4	56,0	50,8	52,9
Equity	21,8	20,3	18,7	18,7	21,0	22,7	21,4	21,5
Equity ratio %	39,8	38,1	37,7	35,7	36,8	40,9	42,8	41,9

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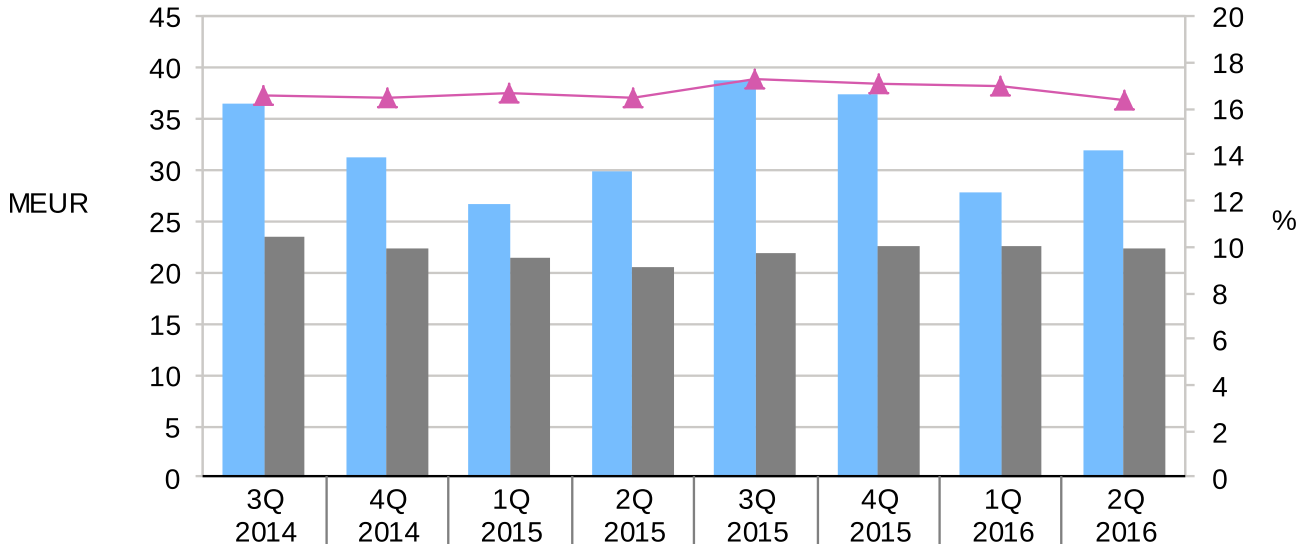
WORKING CAPITAL (AVERAGE 12 MONTHS)



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Turnover	36,5	31,2	26,7	30,0	38,7	37,5	27,8	31,9
Working capital	23,5	22,3	21,4	20,5	21,9	22,6	22,7	22,2
% of turnover (annualized)	16,6	16,4	16,7	16,5	17,3	17,0	16,9	16,4

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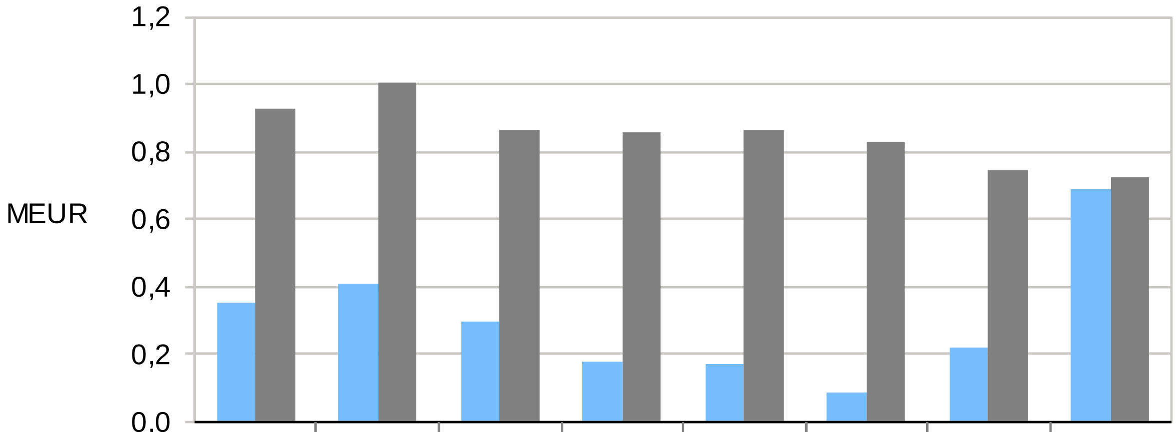
CAPITAL EXPENDITURE AND DEPRECIATION



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Capital expenditure	0,4	0,4	0,3	0,2	0,2	0,1	0,2	0,7
Depreciation	0,9	1,0	0,9	0,9	0,9	0,8	0,7	0,7

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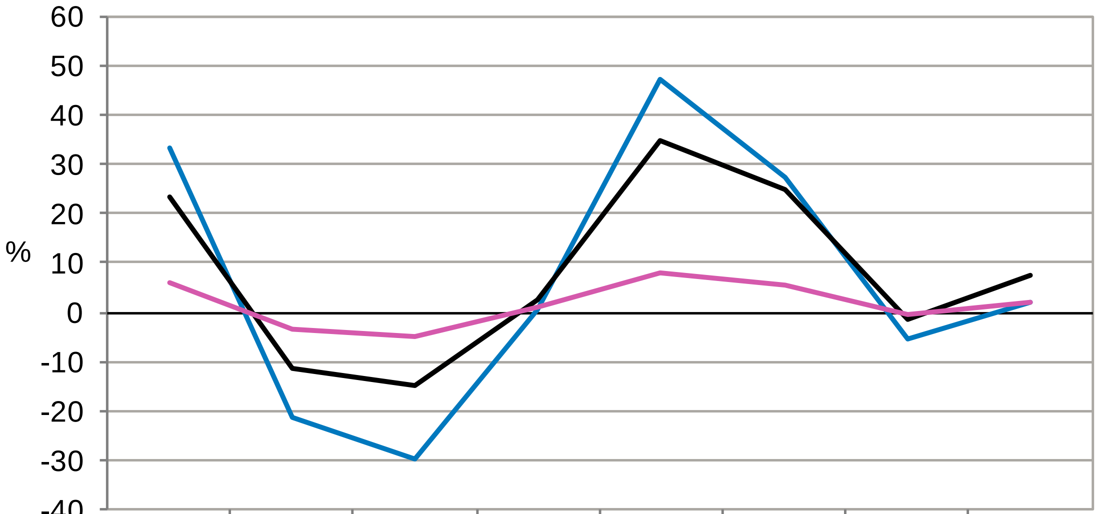
PROFITABILITY QUARTERLY



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Return on equity	33,1	-21,2	-30,1	0,7	47,1	27,6	-5,5	2,1
Return on investment	23,7	-11,6	-15,1	2,5	34,9	24,8	-1,7	7,3
Operating profit %	6,0	-3,4	-4,9	0,8	7,9	5,6	-0,5	1,9

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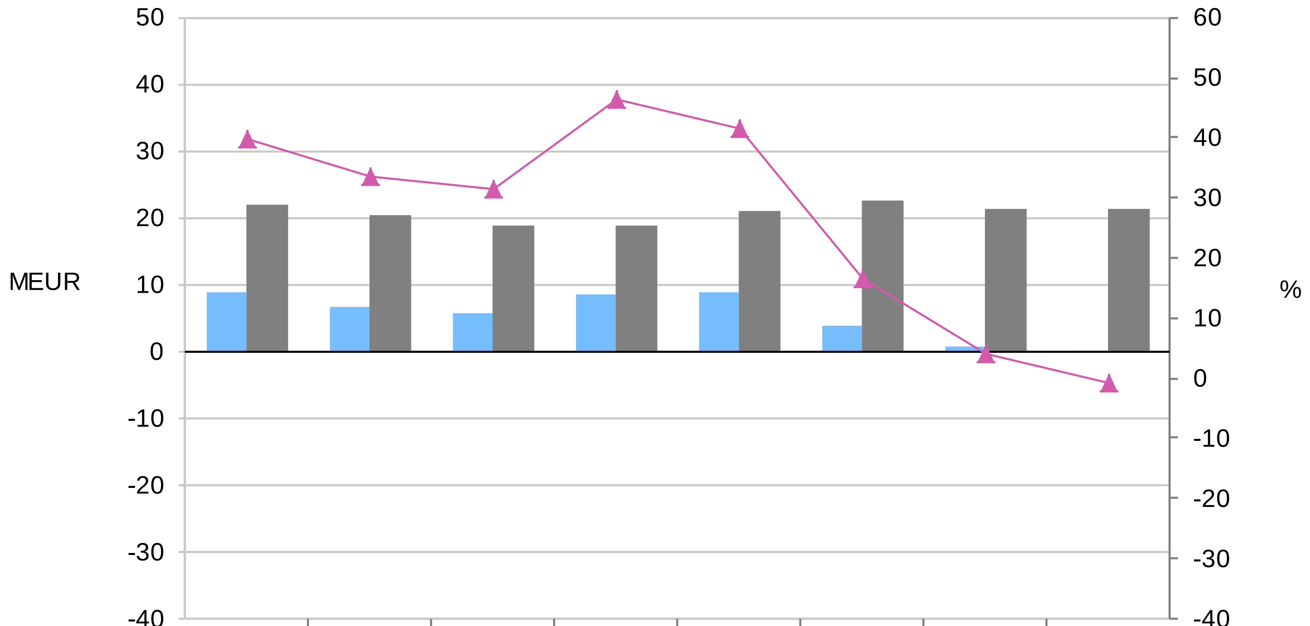
GEARING



	3Q 2014	4Q 2014	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016
Interest bearing net debt	8,7	6,8	5,9	8,7	8,7	3,8	0,8	-0,2
Equity	21,8	20,3	18,7	18,7	21,0	22,7	21,4	21,5
Gearing ratio %	39,8	33,4	31,3	46,3	41,6	16,6	3,9	-0,9

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Thank you!

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