

MARTELA INTERIM REPORT 1-6 / 2015

August 11th, 2015

JANUARY – JUNE 2015



Group revenue decreased clearly, EBIT remained at the same level as prior year

- Consolidated revenue for January-June was EUR 56.6 million (68.1)
 - Finland: revenue increased slightly compared to previous year.
 - Poland: revenue remained at the same level as previous year.
 - Russia: revenue decreased clearly compared to previous year.
 - Sweden and Norway: revenue decreased significantly compared to previous year as expected due to later timing of larger projects.
 - Market climate remains challenging in all our main market-areas.
 - Interest in Activity Based Office –solutions and Martela Lifecycle® -model remains high.
- Operating result for January-June was EUR -1.1 million (-1.0)
 - Group fixed costs were clearly lower compared to previous year due to the implemented cost saving actions.
 - Sales margin improved compared to previous year due to implemented restructuring actions in the supply chain during 2014 and 2015.

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JANUARY – JUNE 2015



- The cost saving actions executed in 2014 are expected to meet the set target of 6 million annual savings during 2015. Approximately one third of these were already realized in 2014.
- Restructuring actions were implemented at Kidex Oy and Nummela logistics center in order to adjust the supply chain to the present market conditions.
- A new cost savings plan was launched in April. Implementation of the plan has been initiated and it will be fully implemented by the end of 2016. The goal is to reduce costs by an annual level of EUR 4 million in 2017.

Other key figures:

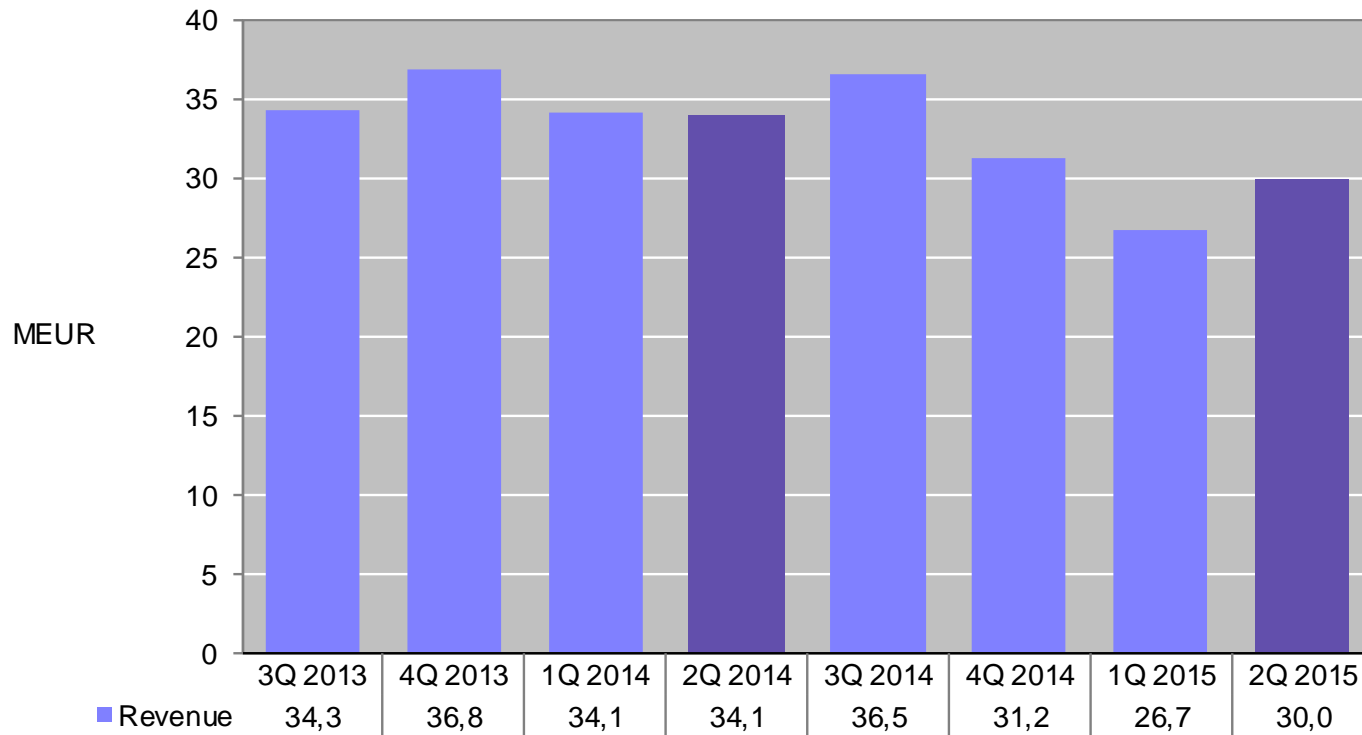
- The cash flow from operating activities in January-June was EUR -1.2 million (3.0)
- The equity ratio was 35.7 per cent (35.4)
- The gearing ratio was 46.3 per cent (44.5)

CENTRAL FOCUS AREAS

- **Improvement of profitability**
 - Continuous improvement of cost efficiency
 - Improvement of customer profitability
- **Radically simplify our operations**
 - Quote to Cash – process
 - Radical reduction of product variants
- **Implementation of Martela Lifecycle-model**
 - Development of our way of working and our portfolio to meet customer demand



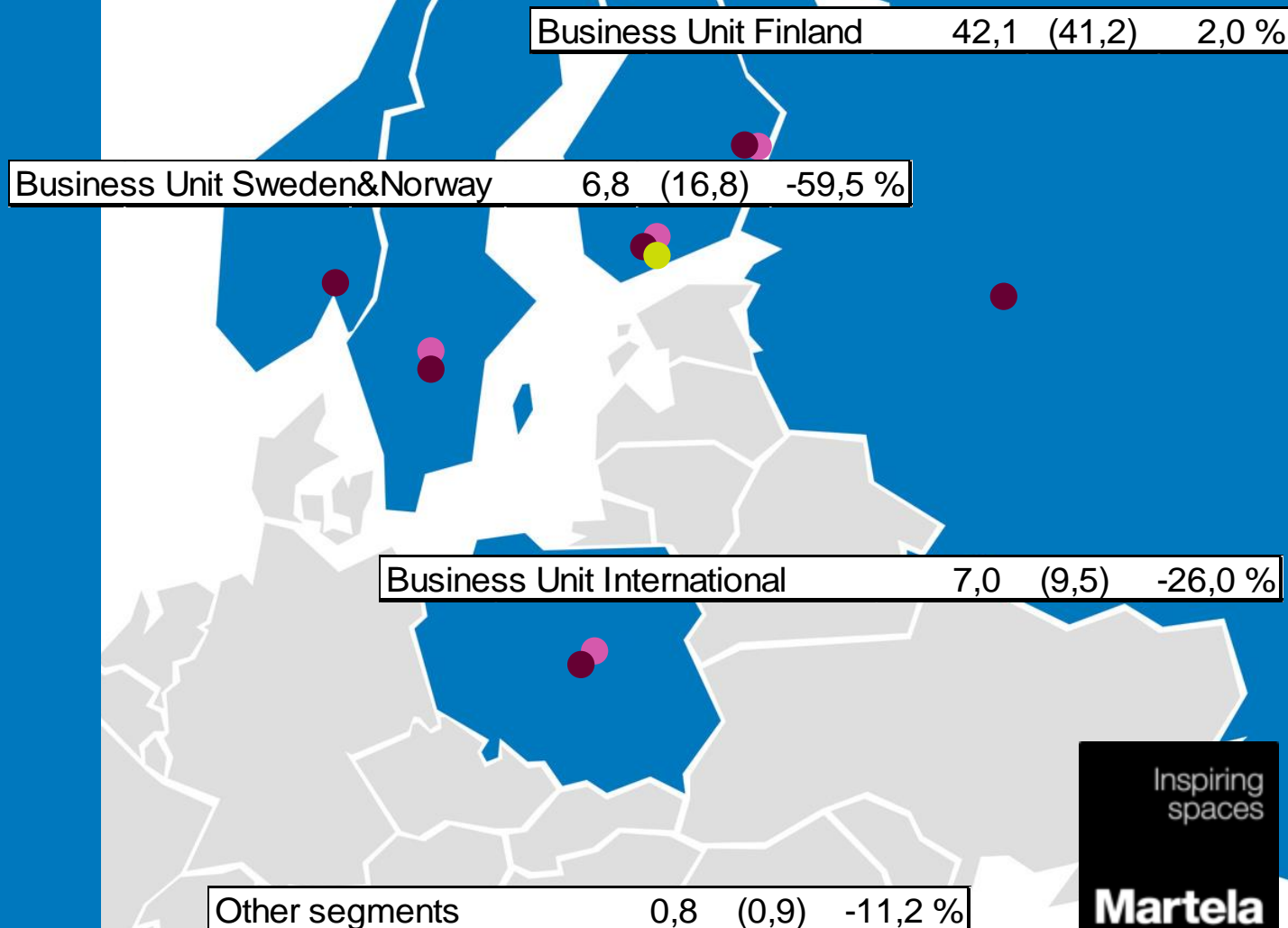
TURNOVER



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EXTERNAL REVENUE 1-6/2015 (2014)



Head Office
Production
Subsidiary

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OPERATING PROFIT DEVELOPMENT 2015



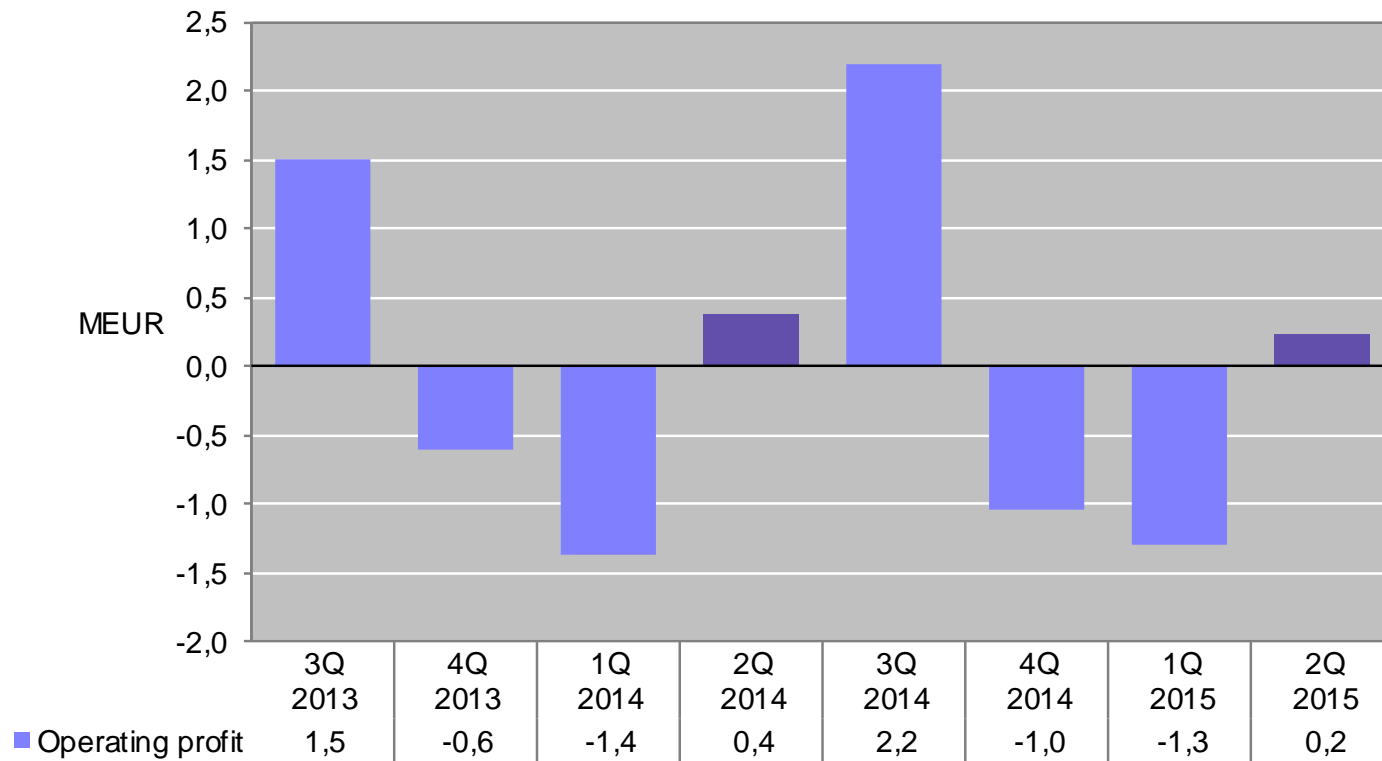
EUR million	4-6 2015	4-6 [*] 2014	1-6 2015	1-6 [*] 2014	1-12 [*] 2014
Finland	1,4	1,0	2,8	0,6	2,8
Sweden & Norway	-0,6	0,3	-1,2	0,4	-0,4
International	-0,2	0,2	-0,9	-0,5	-0,3
Other Segments	-0,4	-1,1	-1,7	-1,5	-2,0
Total	0,2	0,4	-1,1	-1,0	0,2

** The operating profit generated to Business Units from internal invoicing (included in Other Segments) has been changed for previous year in order to make the years comparable. This has caused small changes in the 2014 operating profits of the Business Units.*

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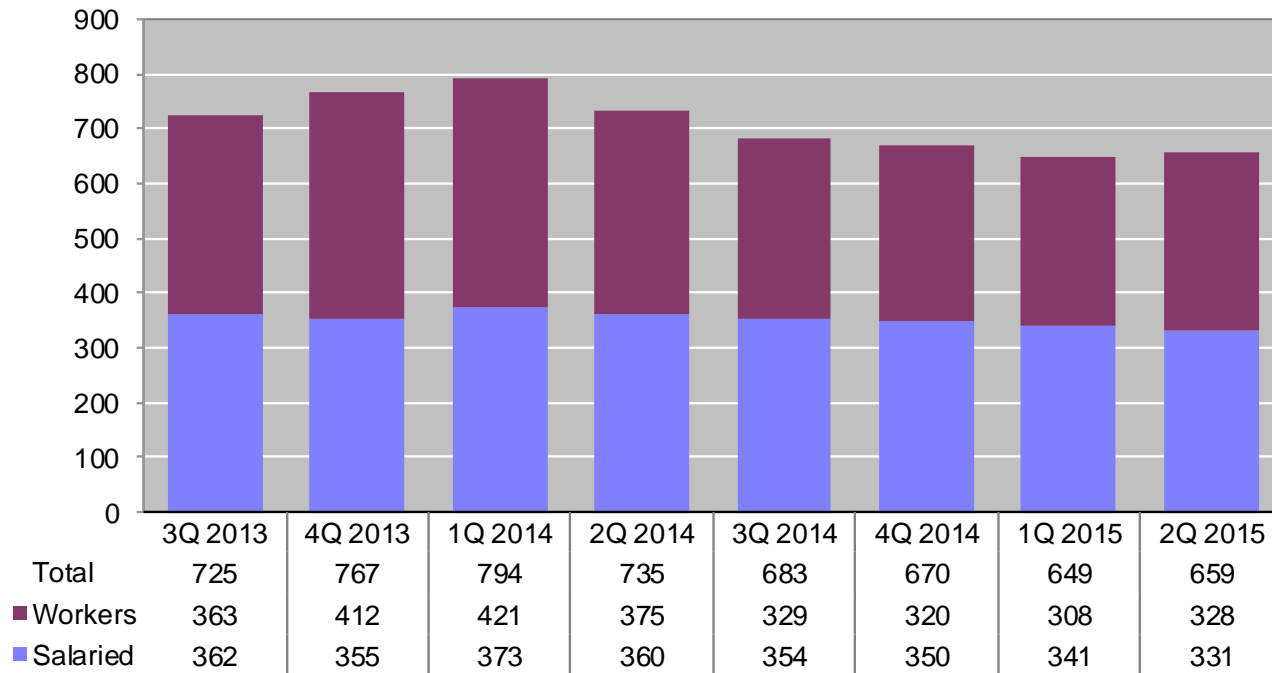
OPERATING PROFIT



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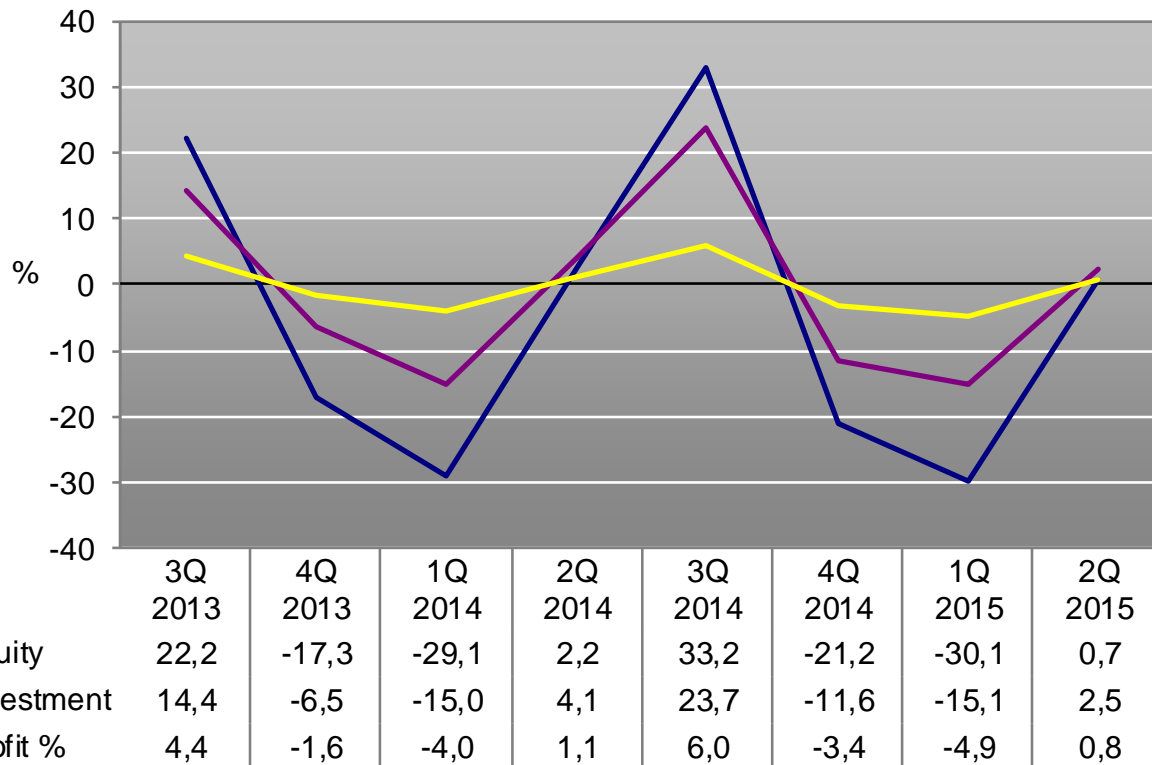
PERSONNEL AT WORK, END OF PERIOD



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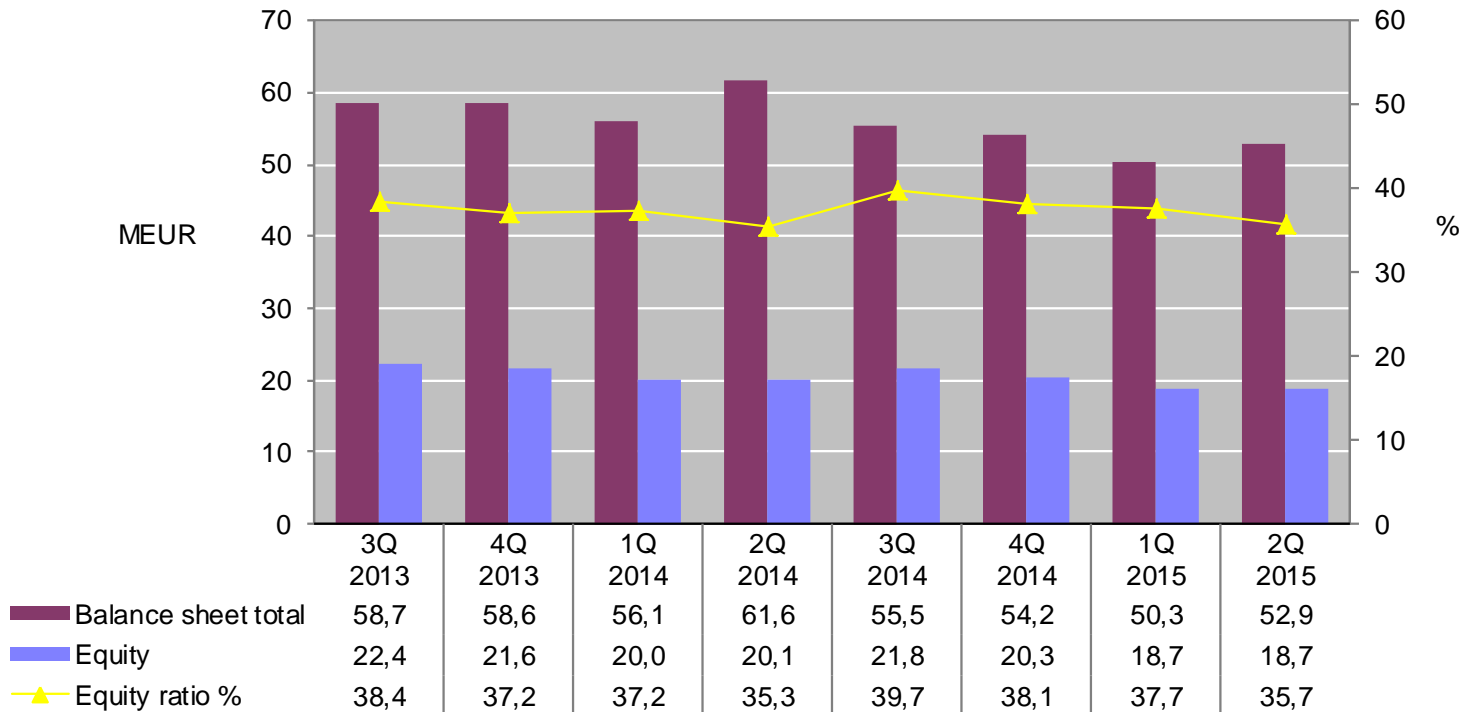
PROFITABILITY QUARTERLY



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BALANCE SHEET



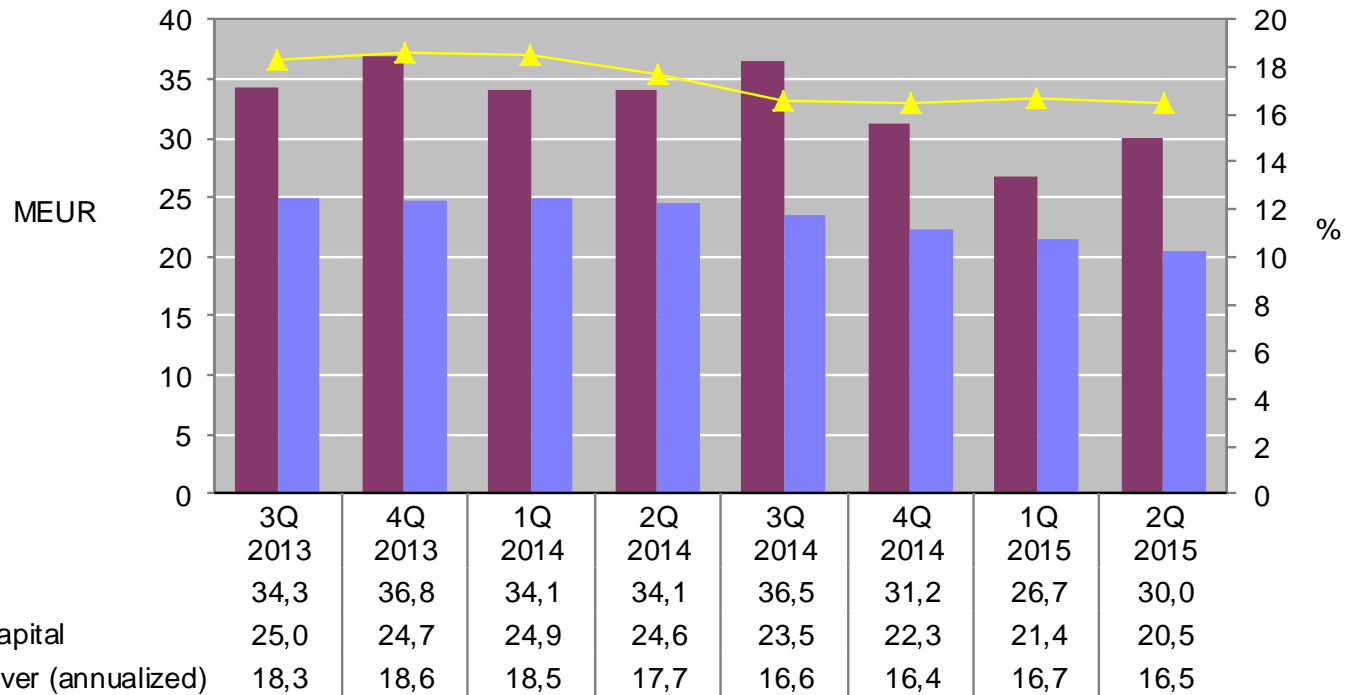
GEARING



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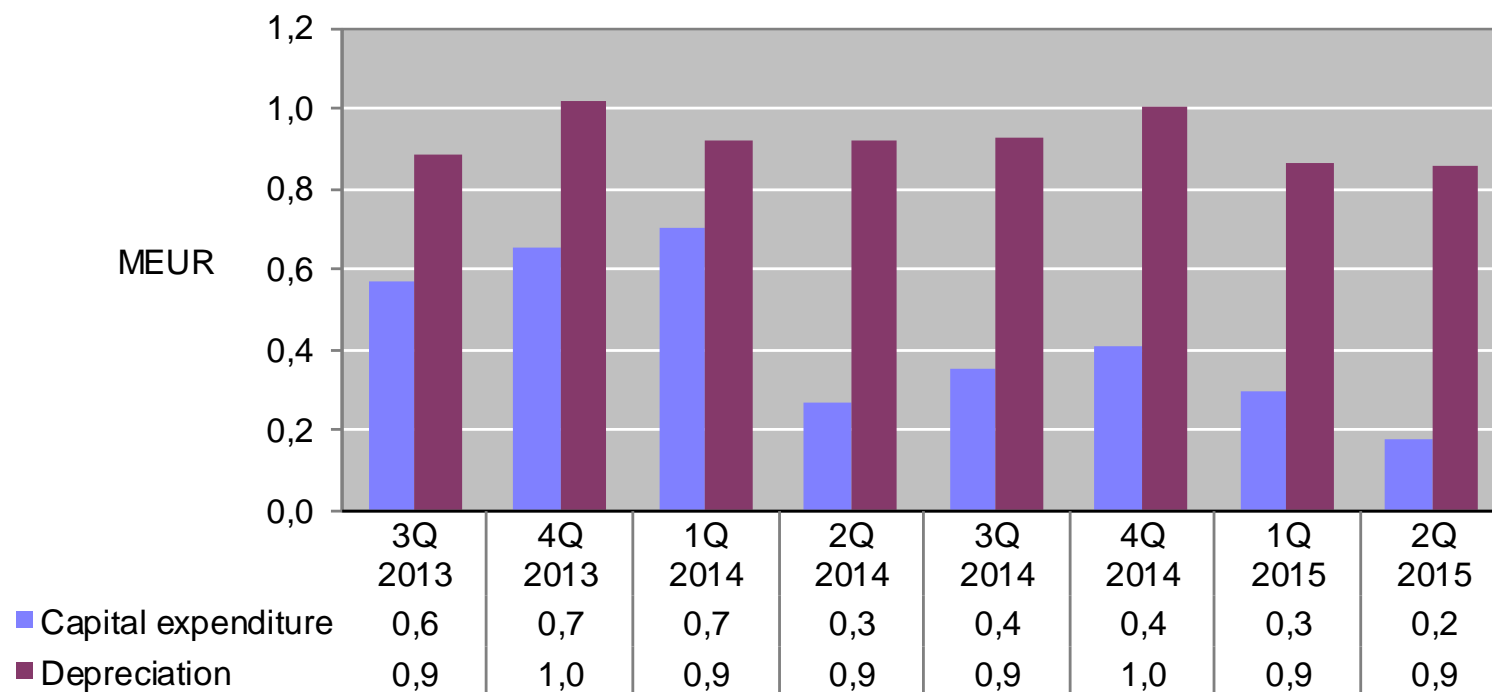
WORKING CAPITAL (AVERAGE 12 MONTHS)



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CAPITAL EXPENDITURE AND DEPRECIATION



OUTLOOK FOR 2015

The Martela Group anticipates that its revenue in 2015 will be at the previous year's level or slightly decrease. The Group's operating result is estimated to show a slight year-on-year improvement. The Group's operating result is weighted towards the second half of the year due to normal seasonal variation, and this weighting is further emphasised by the timing of larger projects during 2015.