

Martela Interim Report 1-9/2017

2.11.2017

Inspiring
spaces

Martela

JANUARY-SEPTEMBER 2017 SUMMARY

- Revenue decreased by 15.7 per cent on the previous year due to lack of big of projects, discontinuation of own sales operations in Poland and Russia and to challenges related to the implementation of new IT systems.
- The Group's operating result was EUR 0.2 million (4.1)
- Cash flow from operating activities in January–September was EUR -8.3 million (8.1). The third quarter cash flow from the operating activities was EUR 2.9 million positive.



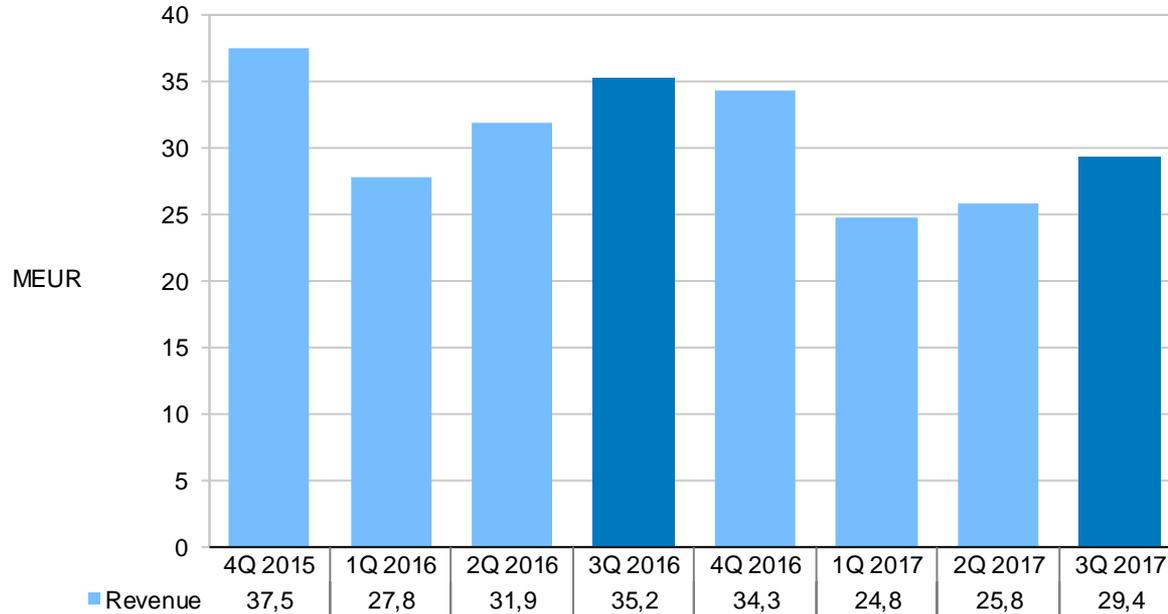
JANUARY–SEPTEMBER 2017 REVENUE

January-September revenue declined compared to previous year

January-September revenue was EUR 80.0 million (94.9)

- Finland: Revenue declined by 8.9 %.
 - IT reform challenges had a high impact in the decline.
 - In the third quarter new orders started to pick up in Finland and exceeded slightly the previous year level which will show an impact in the revenue for Q4/2017 and Q1/2018
- Sweden: Revenue declined by 44.7 %.
 - Previous year had big projects.
 - IT reform challenges also had an impact in the decline
- Norway: Revenue increased by 26.6 %.
 - More comprehensive Martela Lifecycle deliveries.
- Other countries: Revenue declined by 28.7 %.
 - Discontinuation of sales operations in Poland and Russia.
- There has not been any material changes in the market situation during the year.

REVENUE



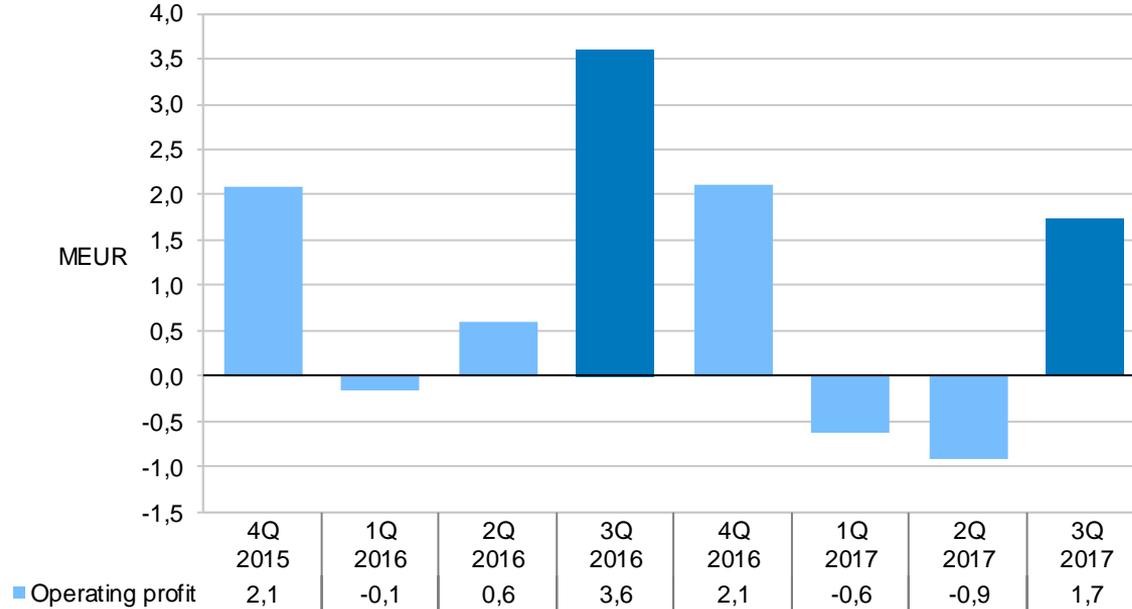
JANUARY–SEPTEMBER 2017 OPERATING RESULT

January-September operating result declined.

January-September operating result was EUR 0.2 million (4.1)

- Sales volumes were lower.
- Efficiency of operations declined slightly due to the IT system reform challenges.
 - Our operations have normalised and we estimate that we have overcome the biggest challenges related to the IT system project
- Positive results from earlier completed savings programme in personnel and real estate expenditure.

OPERATING RESULT

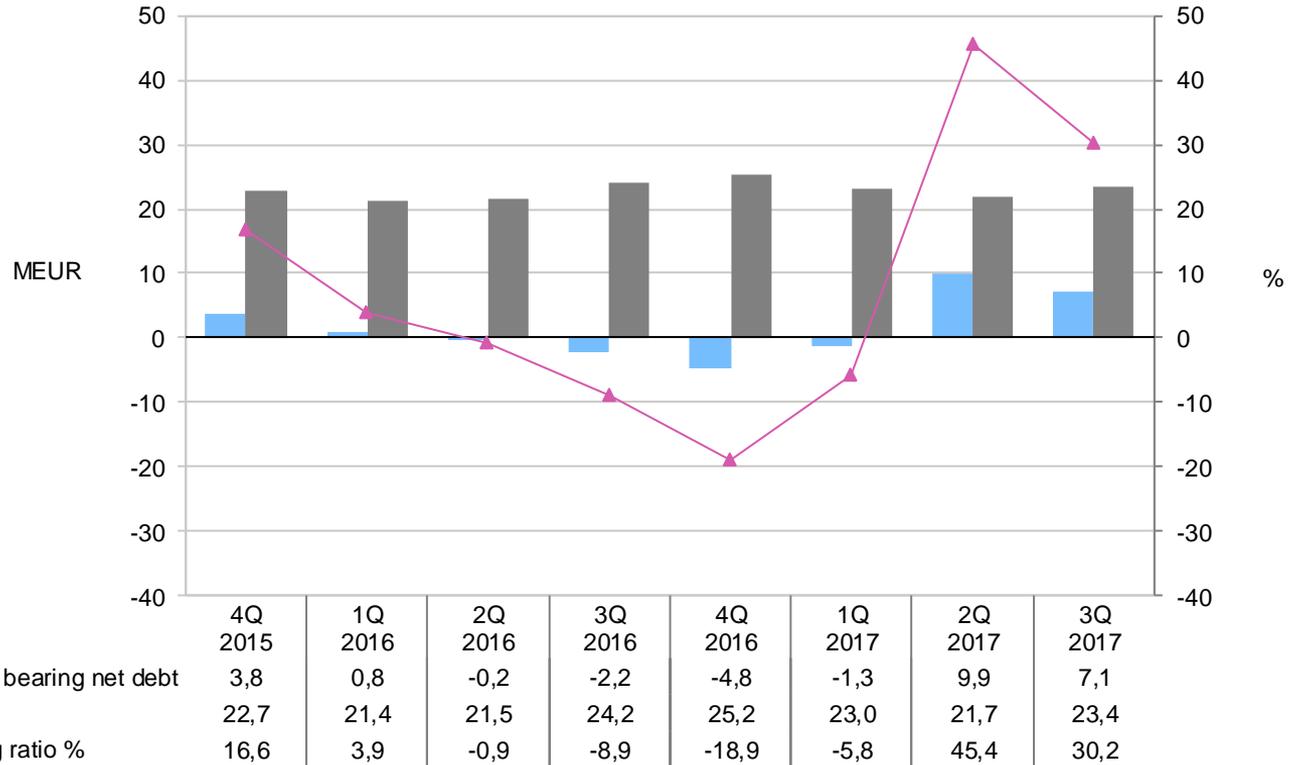


JANUARY-SEPTEMBER 2017

OTHER KEY FIGURES

- Cash flow from operating activities in January-September was EUR -8.3 million (8.1)
 - The cash flow from sales declined due to some delays in deliveries and invoicing arising from the IT reform.
- Result of the period January-September was EUR -0.4 million (2.6)
- Equity ratio was 41.2 % (46.3)
- Gearing was 30.2 % (-8.9)

GEARING



MAIN FOCUS AREAS

Implementing the Martela Lifecycle strategy in the Nordic countries

Increasing
sales volumes

Increasing
profitability

Increasing
cash flow

Fine-tuning
procedures

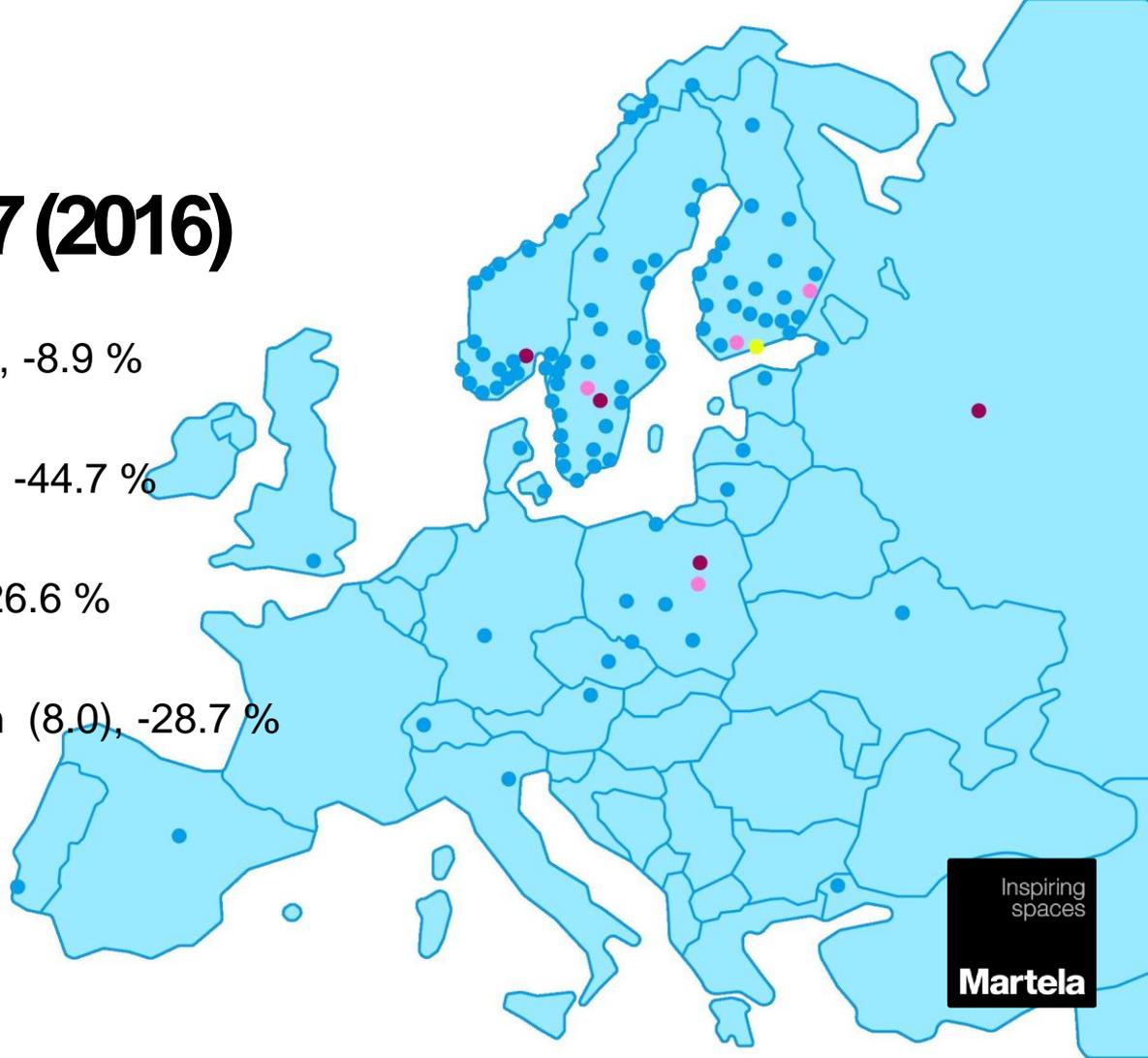
OUTLOOK FOR 2017

Martela Group anticipates that its 2017 revenue will decrease clearly and operating result will decrease compared to the previous year. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

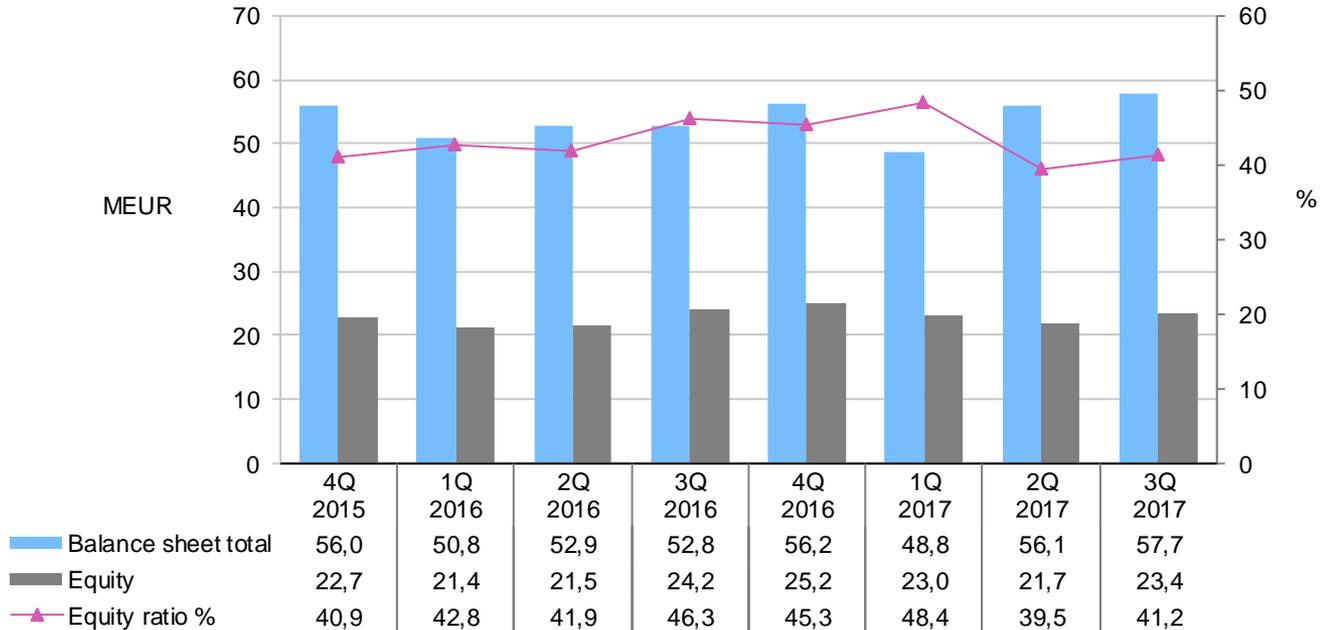
APPENDIX

REVENUE 1-9/2017 (2016)

- Finland EUR 62.5 million (68.5), -8.9 %
- Sweden EUR 8.8 million (15.9), -44.7 %
- Norway EUR 3.0 million (2.3), 26.6 %
- Other countries EUR 5.7 million (8.0), -28.7 %

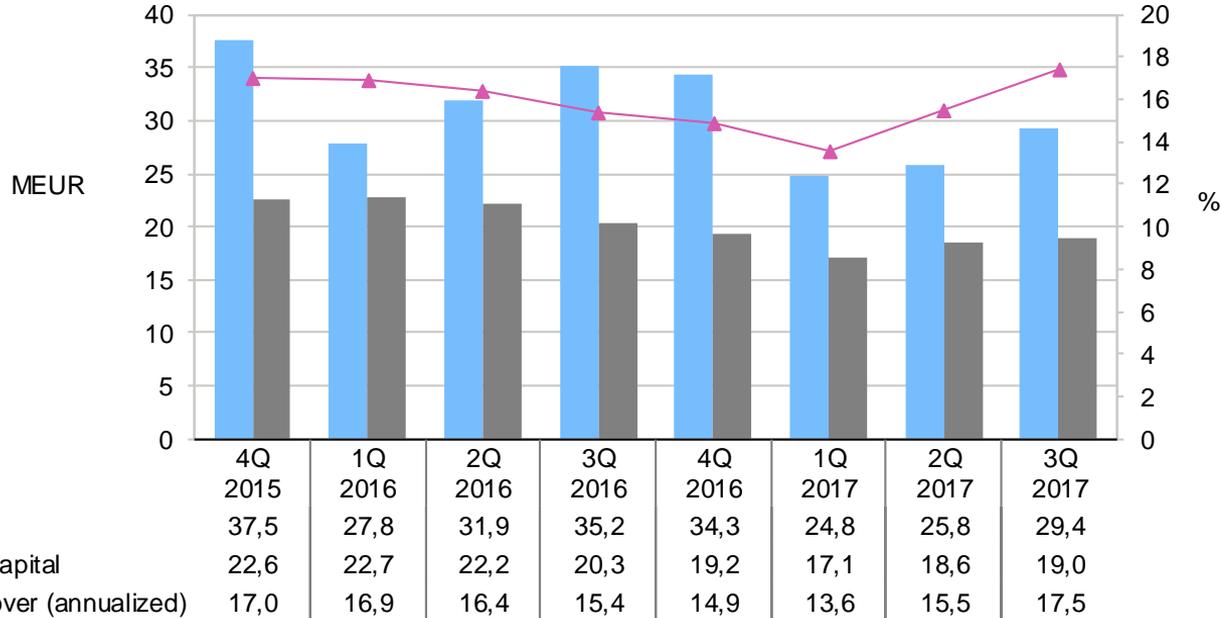


BALANCE SHEET



WORKING CAPITAL

On average 12 months



Turnover

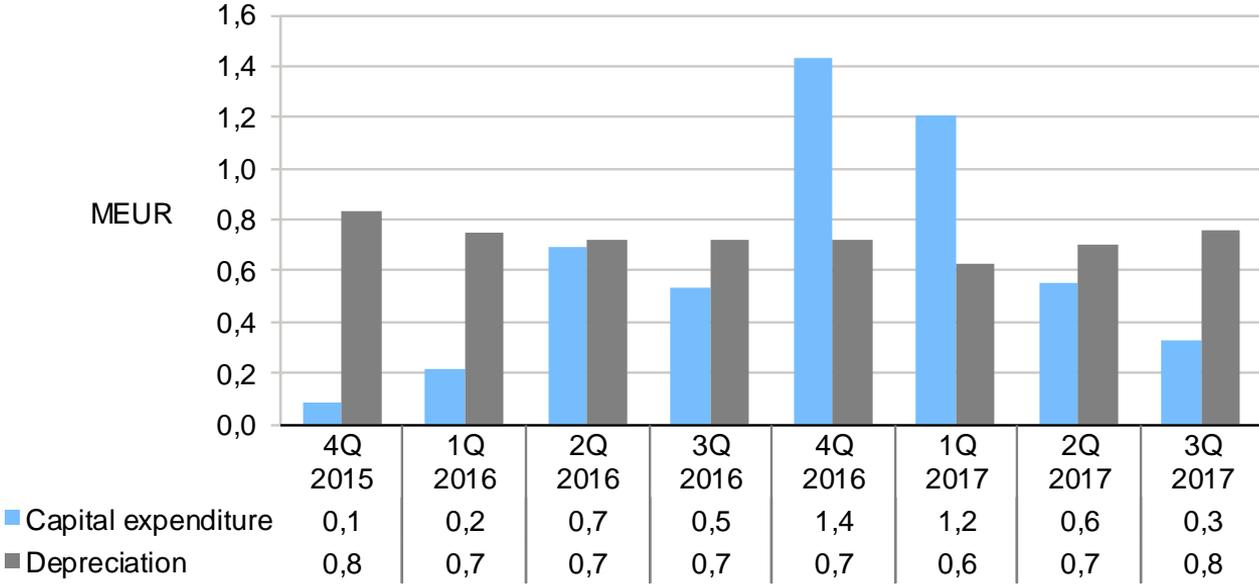
Working capital

% of turnover (annualized)

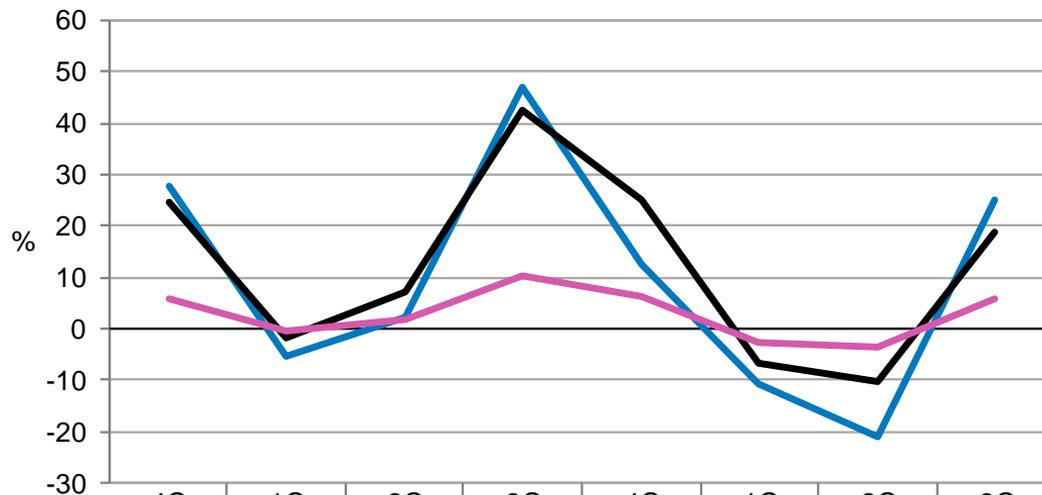
Inspiring
spaces

Martela

CAPITAL EXPENDITURE AND DEPRECIATIONS



PROFITABILITY BY QUARTER



— Return on equity

— Return on investment

— Operating profit %

	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016	1Q 2017	2Q 2017	3Q 2017
Return on equity	27,6	-5,5	2,1	46,8	12,7	-10,6	-21,0	25,1
Return on investment	24,8	-1,7	7,3	42,6	25,0	-6,6	-10,1	19,0
Operating profit %	5,6	-0,5	1,9	10,2	6,1	-2,5	-3,5	5,9

Inspiring
spaces

Martela

THANK YOU !