

2019 Interim report 1-9/2019

6.11.2019

Inspiring
spaces

Martela

JULY - SEPTEMBER 2019 SUMMARY

- The July–September 2019 revenue was EUR 25,9 million
 - Revenue increased 6.1% compared to same period last year
- Operating result EBIT EUR 1.5 million excluding non-recurring items
 - Reported EBIT 1,0 million including non-recurring items of EUR 0.5 million
 - EBIT % was 4.0%
- Profit for the period was MEUR 0.9 million
 - Improvement of EUR 1.0 million compare to same period last year

JANUARY - SEPTEMBER 2019 SUMMARY

- The January–September 2019 revenue increased slightly and operating result decreased compared to previous year.
 - Operating result decreased due to the tight competition which has led to decreased sales margins and due to non-recurring items caused by savings actions.
- The Group's comparable operating result was EUR -2.1 million (-1.9) and operating result according to IFRS was EUR -2.6 million (-1.9)
- Cash flow from operating activities in January–September was EUR 1.3 million (3.4).
 - The current year figure was improved by EUR 1,9 million due to the reclassification of rental expenses to repayments of lease liabilities in cash flow from financing activities under IFRS 16.

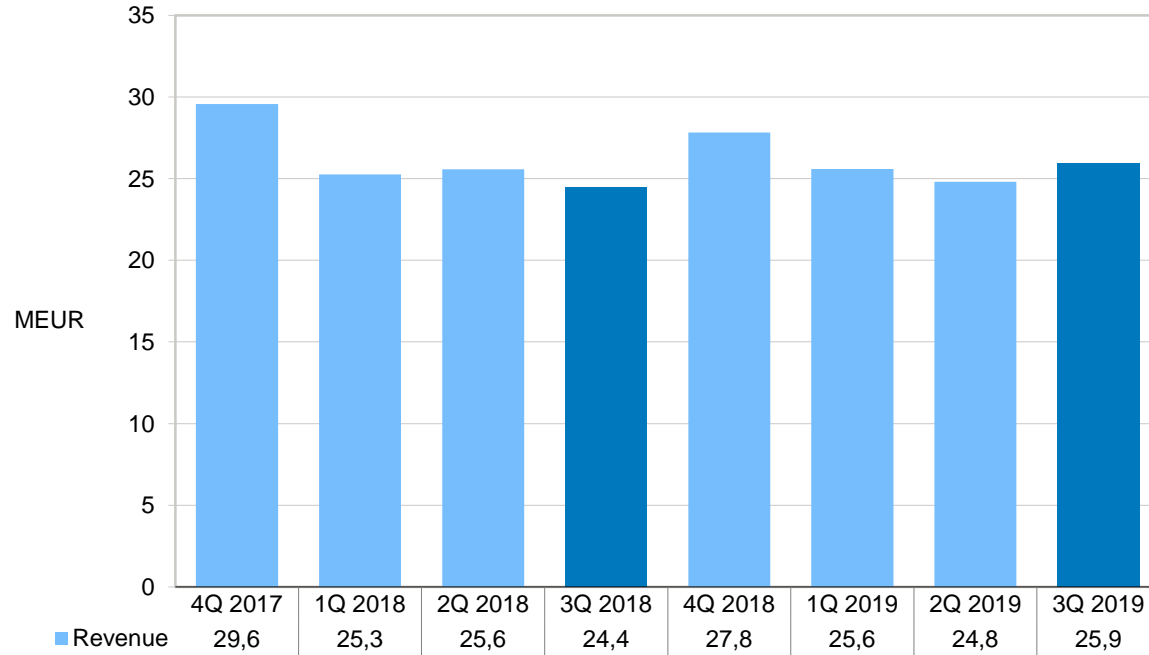
JANUARY–SEPTEMBER 2019 REVENUE

January-September revenue increased slightly compared to previous year

January-September revenue was EUR 76.3 million (75.3)

- Finland: Revenue declined by 0.8 %.
 - The competition in the public sector has further tightened and the demand has not increased as expected after the prolonged frame agreement negotiations in H1 this year.
- Sweden: Revenue increased by 26.8 %.
- Norway: Revenue increased by 21.6 %.
- Other countries: Revenue declined by 20.2 %.
- There has not been any material changes in the private segment market situation during the year. The competition in the Finnish public sector has further tightened, which has lead to lowered sales prices.

REVENUE



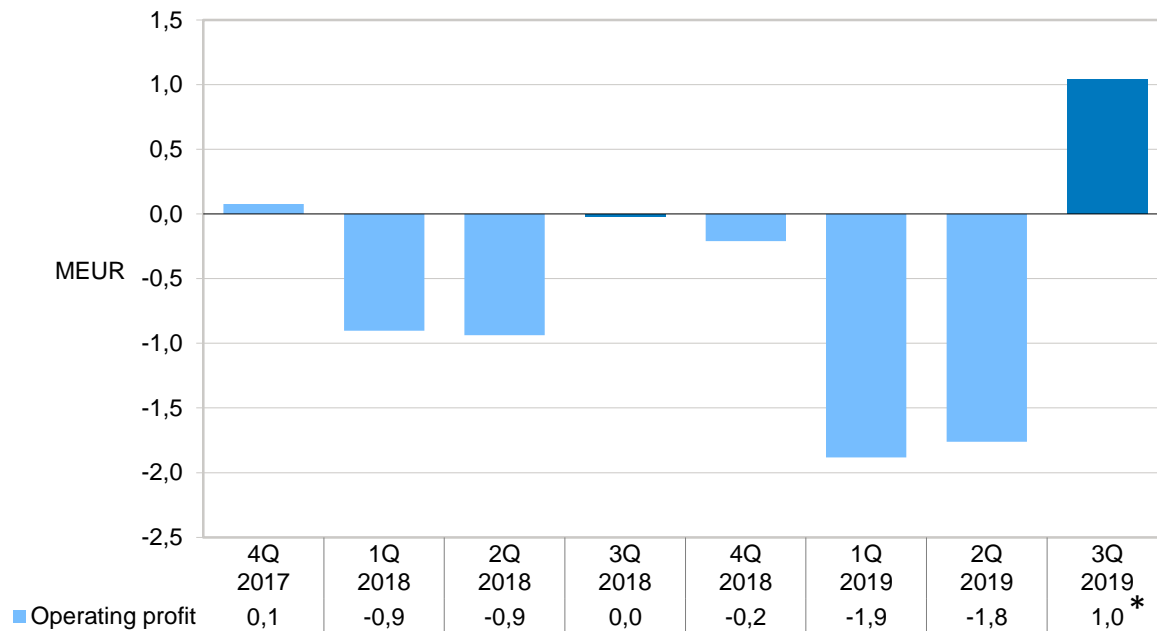
JANUARY–SEPTEMBER 2019 OPERATING RESULT

January-September operating result declined compared to previous year.

January-September comparable operating result was EUR -2.1 million (-1.9) and operating result according to IFRS was EUR -2.6 million (-1.9)

- The IFRS result includes non-recurring items of EUR 0,5 million resulting from savings actions.
- 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. 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 2.7 million

OPERATING RESULT



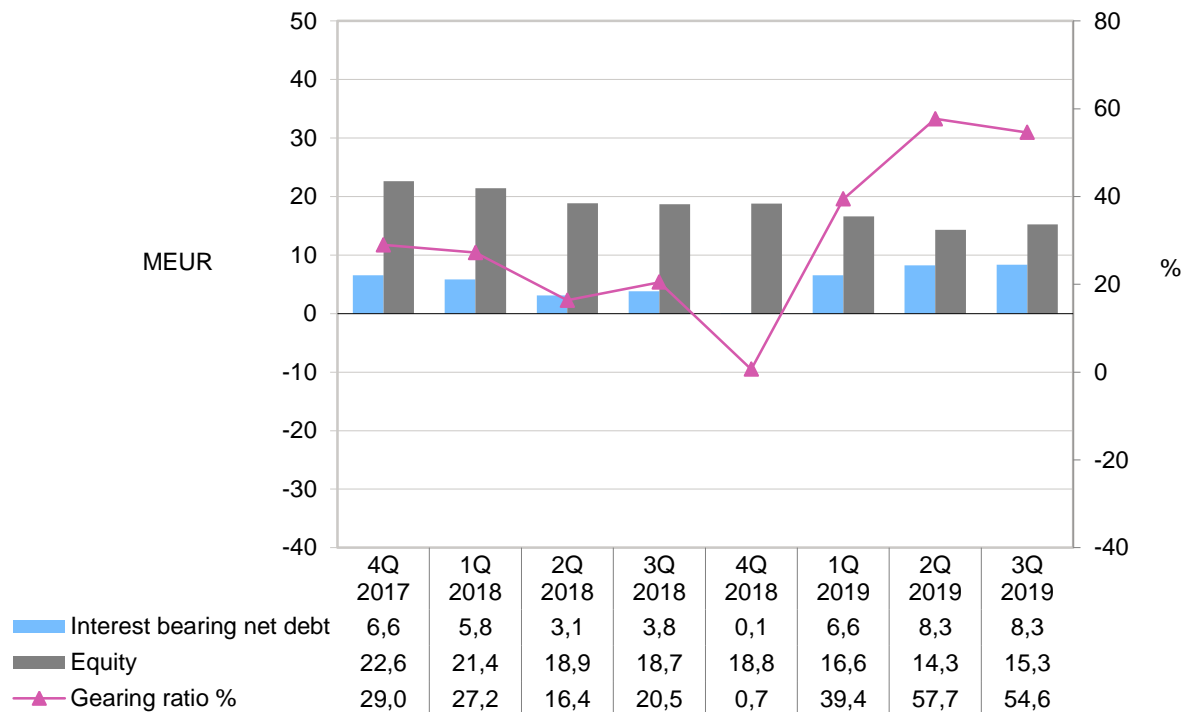
* Q3 comparable operating result was EUR 1.5 million

JANUARY-SEPTEMBER 2019

OTHER KEY FIGURES

- Cash flow from operating activities in January–September was EUR 1.3 million (3.4).
- Result of the period January-September was EUR -3.0 million (-2.3)
- Equity ratio was 30.3 % (41.7)
- Gearing was 54.6 % (20.5)

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 and EUR 5.4 million in Q3/2019

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

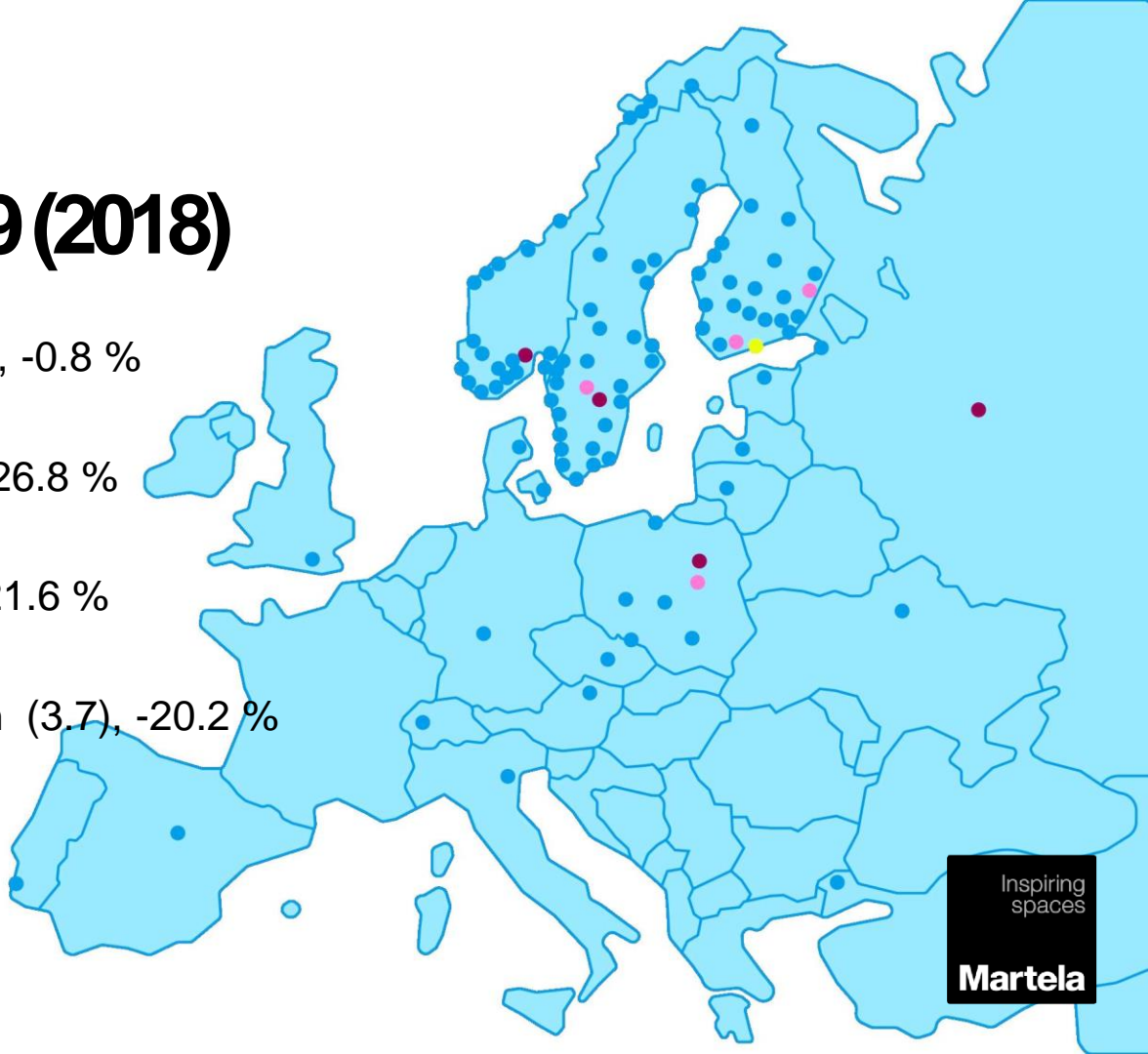
Martela Group anticipates that its 2019 revenue and operating result will improve slightly compared to the previous year. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

THANK YOU !

APPENDIX

REVENUE 1-9/2019 (2018)

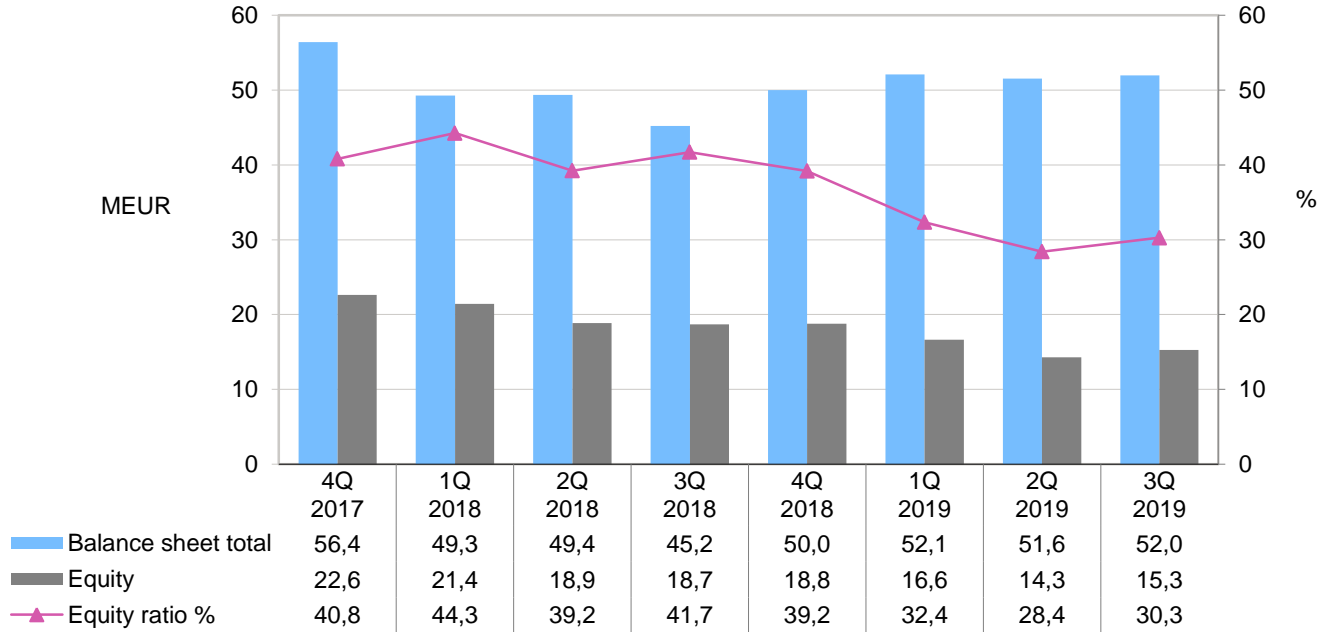
- Finland EUR 61.4 million (62.0), -0.8 %
- Sweden EUR 6.8 million (5.4), 26.8 %
- Norway EUR 5.1 million (4.2), 21.6 %
- Other countries EUR 3.0 million (3.7), -20.2 %



Inspiring
spaces

Martela

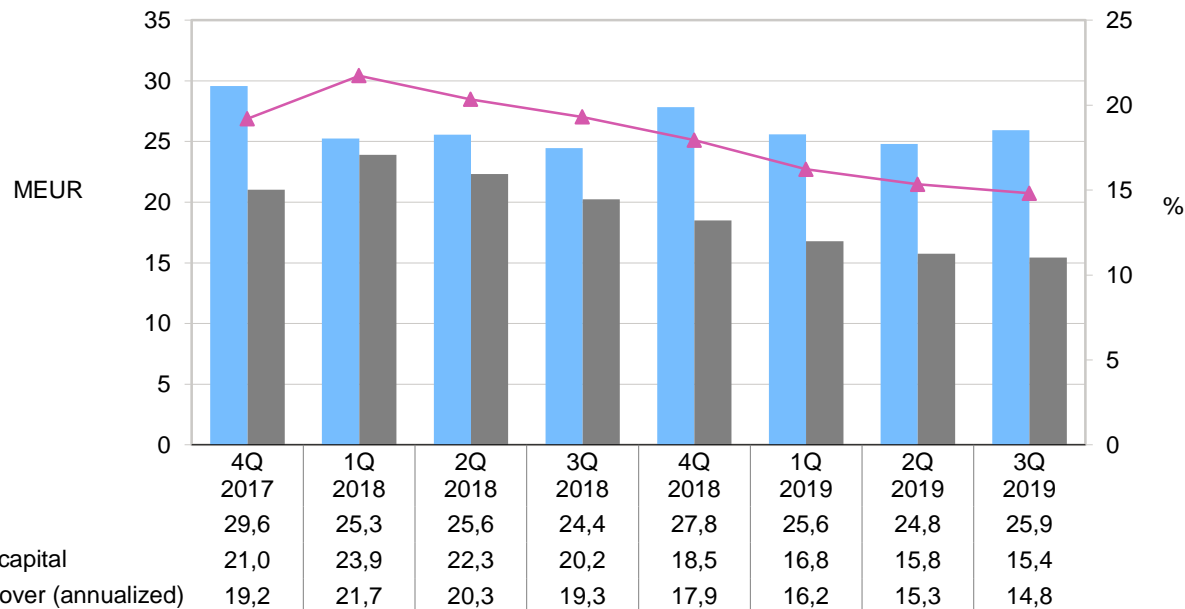
BALANCE SHEET



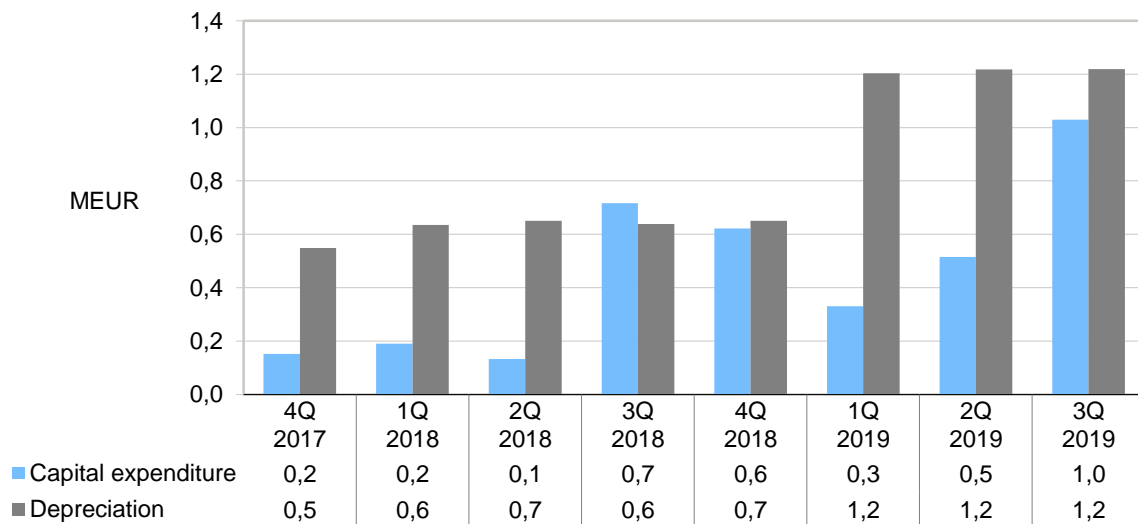
*IFRS16 is impacting the equity ratio in 2019 vs 2018

WORKING CAPITAL

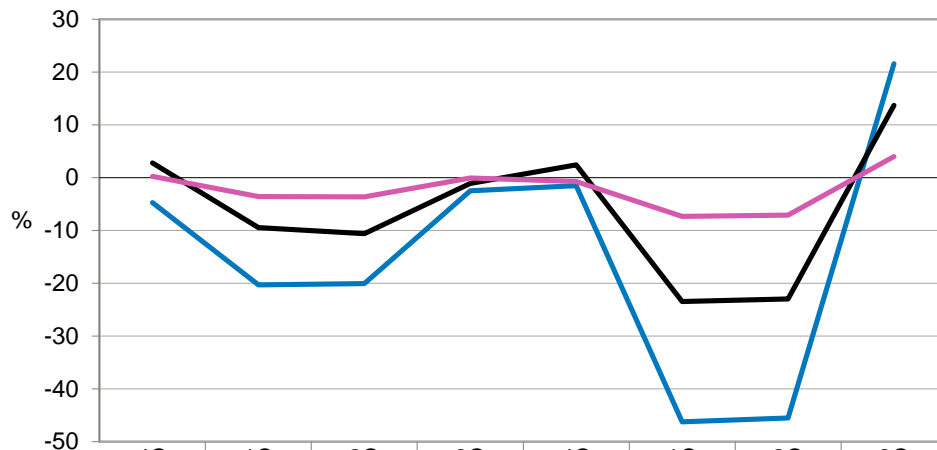
On average 12 months



CAPITAL EXPENDITURE AND DEPRECIATIONS



PROFITABILITY BY QUARTER



Return on equity	-4,7	-20,3	-20,1	-2,5	-1,5	-46,2	-45,5	21,6
Return on investment	2,8	-9,5	-10,6	-1,1	2,4	-23,4	-23,0	13,7
Operating profit %	0,3	-3,6	-3,7	-0,1	-0,8	-7,4	-7,1	4,0