

# Etteplan Q2 2022: Strong growth in spite of uncertainty

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# Operating environment

## Q2 2022

- The demand situation remained good but there were fluctuations in demand.
- Prolongation of the pandemic continued to have an impact on the market.
- The war Russia started in Ukraine and the subsequent elevation in geopolitical tensions have increased uncertainty.
- Investments related to the defense industry and accelerating the green transition are growing, while rising inflation reduces willingness to invest and affects demand in some industries.

### Development in main markets:

The pandemic continued to affect the market situation in Europe, and the higher geopolitical tensions due to the war Russia started in Ukraine have increased uncertainty and is accelerating inflation in all of our operating countries in Europe.

A new wave of the COVID-19 pandemic and related shutdown measures affected the demand situation in China in the early part of the review period.

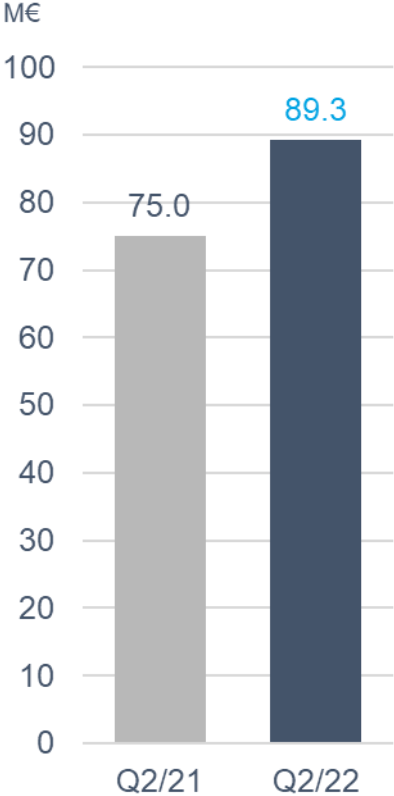
# Highlights Q2 2022

- + Strong growth supported by acquisitions, also organic growth on good level.
- + We continued to develop our service offering and capabilities through acquisitions and a strategic investment (Q3).
- + Number of personnel grew and exceeded 4,000 soon after the review period.
- The uncertainty caused by the war Russia started in Ukraine postponed the start of development projects to some extent.
- Profitability fell slightly short of our target level.



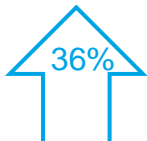
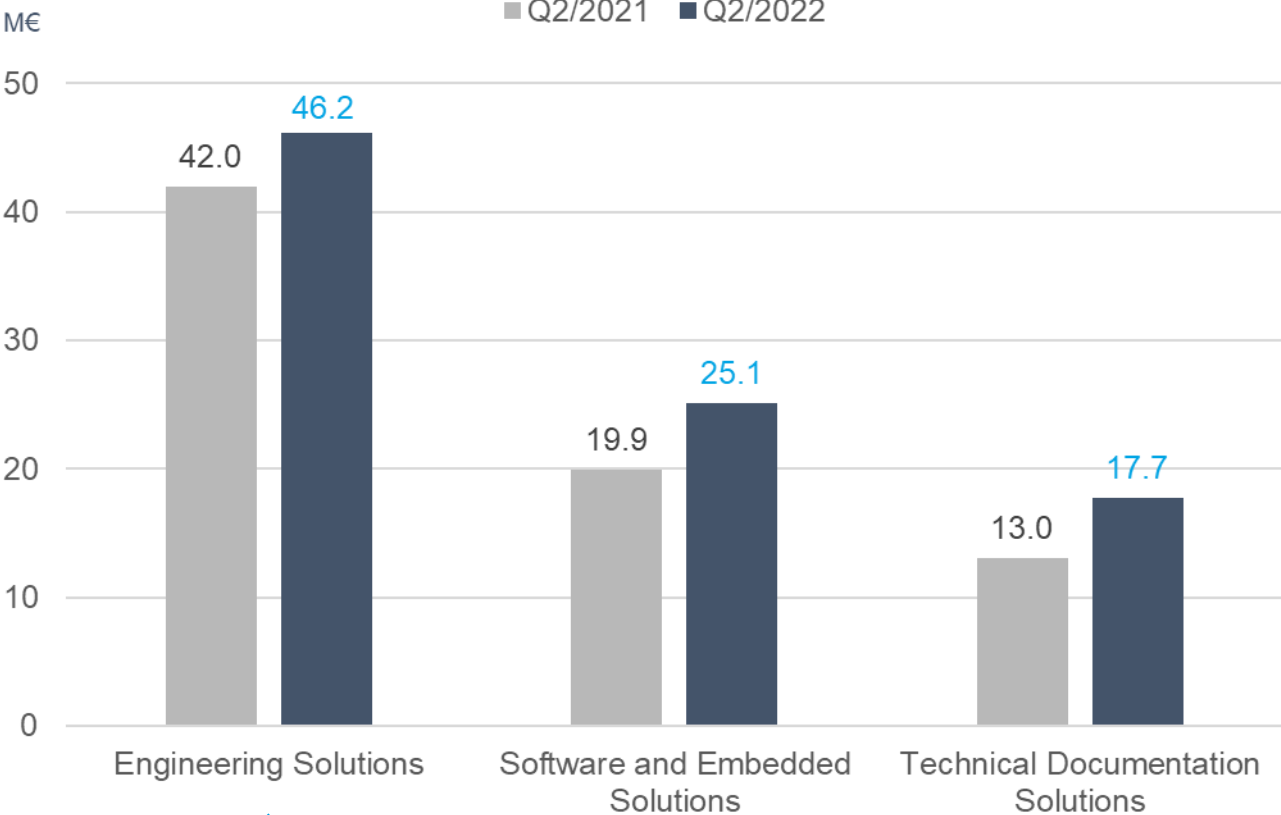
# Revenue

## Group



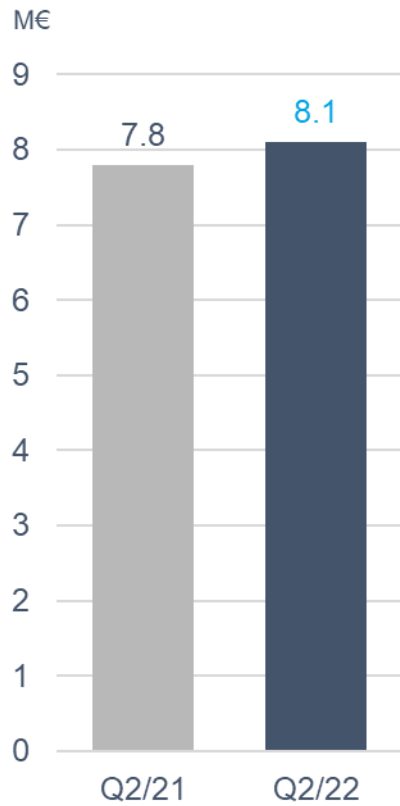
Organic growth 9.7%

## Service areas

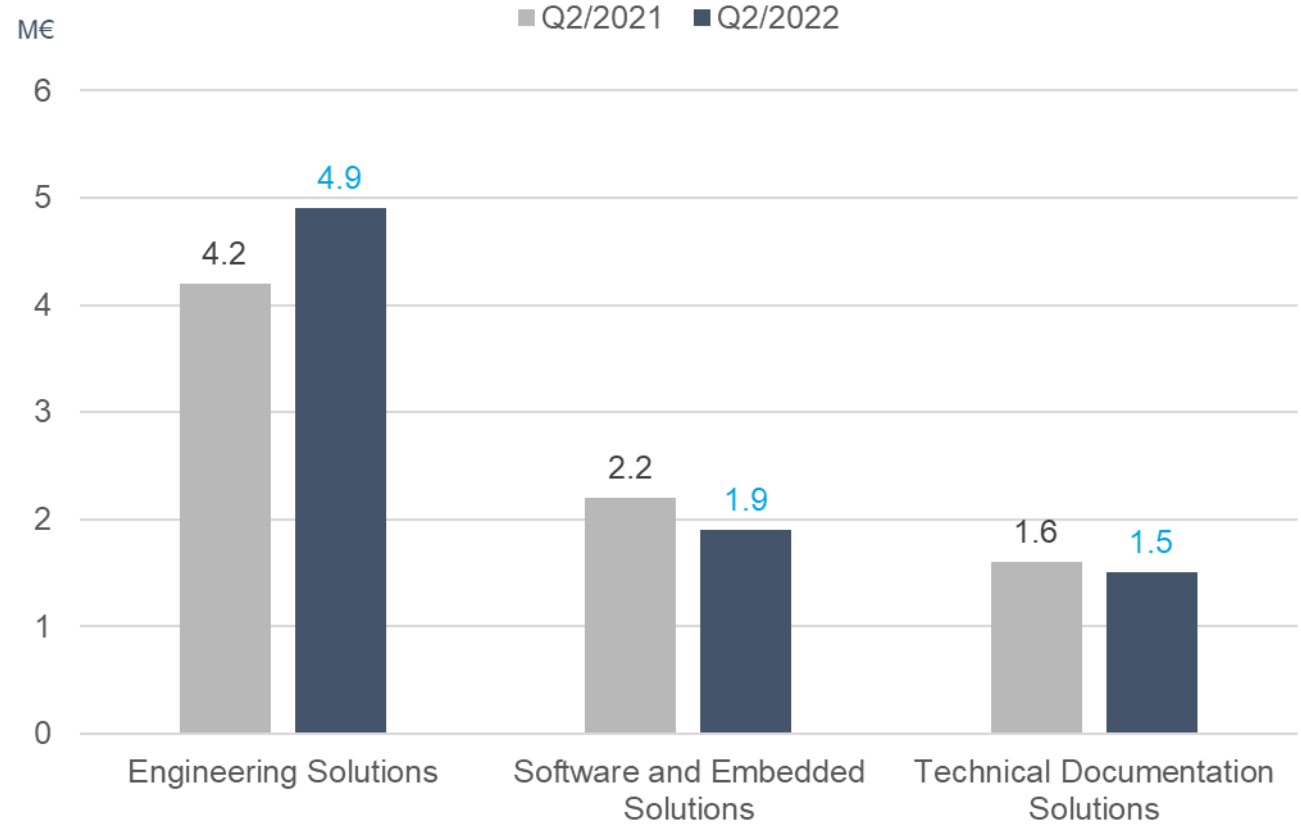


# Operating profit (EBITA)

## Group



## Service areas



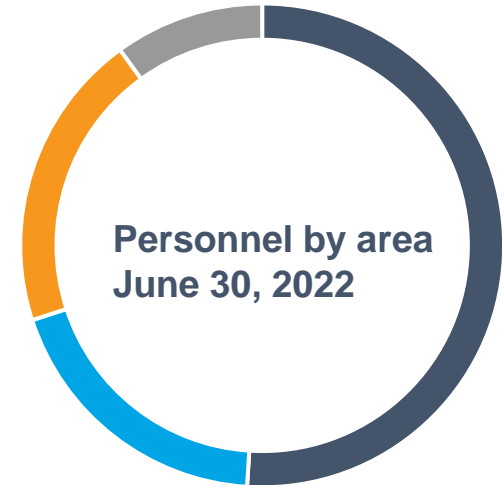
# Revenue and personnel



- Engineering Solutions 52% (57%)
- Software and Embedded Solutions 28% (26%)
- Technical Documentation Solutions 20% (17%)

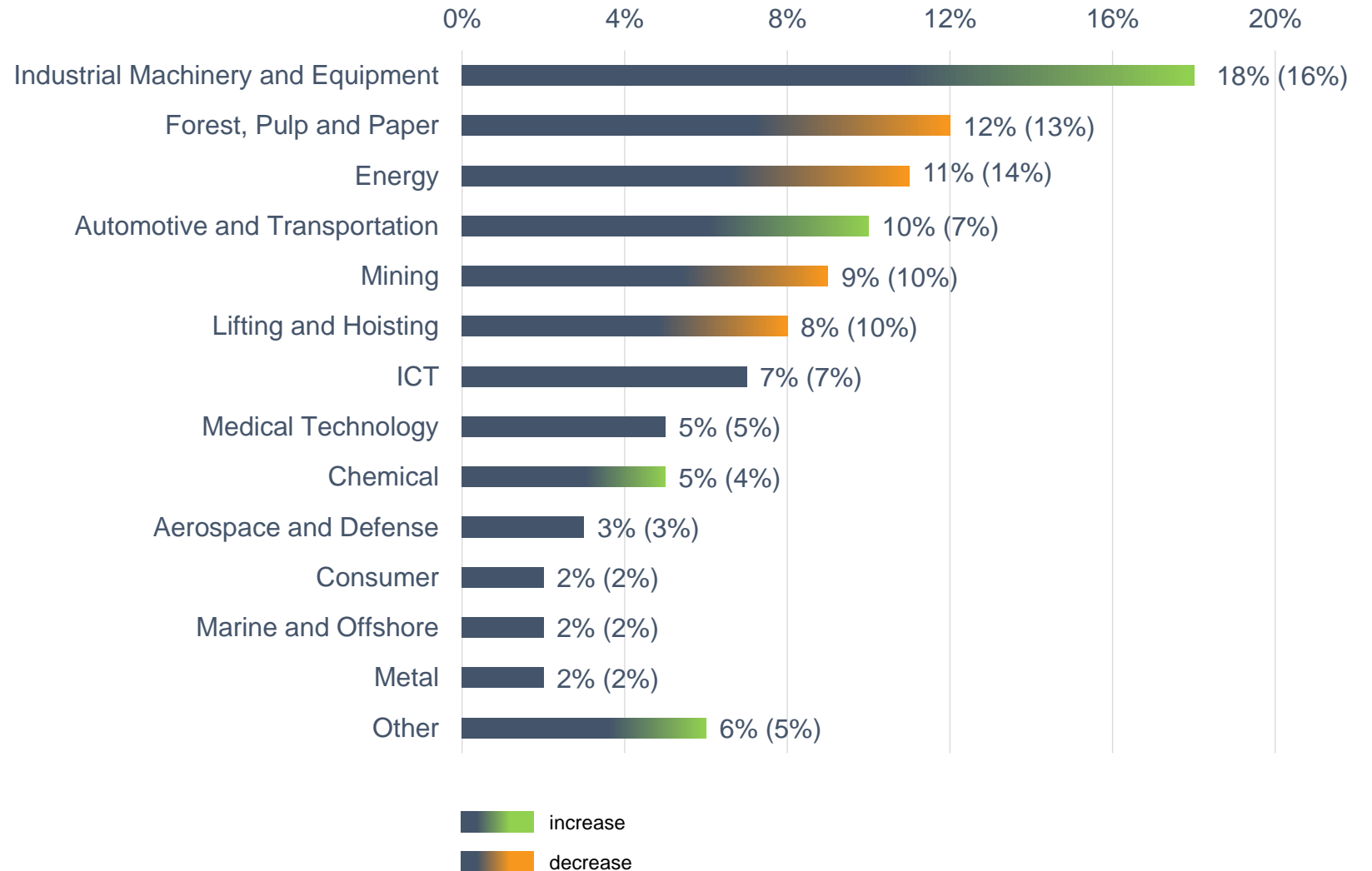


- Finland 52% (57%)
- Scandinavia 25% (24%)
- Central Europe 19% (15%)
- China 4% (4%)



- Finland 51% (57%)
- Scandinavia 19% (18%)
- Central Europe 20% (14%)
- China 10% (11%)

# Revenue by customer segment 1-6/2022





# Financial guidance and Outlook 2022

## Financial guidance

- Revenue in 2022 is estimated to be EUR 340-370 (2021: 300.1) million
- Operating profit (EBIT) in 2022 is estimated to be EUR 28-32 (2021: 25.8) million.

## Market outlook

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. The prolongation of the COVID-19 pandemic continues to have an impact on the market situation and supply chains.

The war Russia started in Ukraine increases uncertainty in the markets and accelerates inflation, which slows down investments and affects the demand situation. On the other hand, the unstable geopolitical climate increases demand in the defense industry and for investments related to the green transition.

Forecasting remains difficult and the demand situation is fluctuating. We, nevertheless, expect the general demand situation to remain fairly good throughout 2022.

# Financial development Q2 2022



# Key Figures

M€	4-6/2022	4-6/2021	Change %	1-6/2022	1-6/2021	Change %	1-12/2021
Revenue	89.3	75.0	18.9	178.8	148.0	20.8	300.1
Revenue from outside Finland	43.0	31.8	35.3	85.2	63.2	34.8	130.1
Operating profit (EBITA)	8.1	7.8	4.6	17.1	15.5	10.5	30.1
EBITA, %	9.1	10.4		9.6	10.5		10.0
Operating profit (EBIT)	6.8	6.7	1.3	14.4	13.3	8.4	25.8
EBIT, %	7.6	9.0		8.1	9.0		8.6
Basic earnings per share, EUR	0.22	0.20	10.0	0.46	0.41	12.2	0.80
Operating cash flow	4.4	12.4	-64.6	13.0	13.7	-5.3	27.1
Managed Services Index	64	63	2.2	65	63	2.4	63
Personnel at end of the period	3,993	3,491	14.4	3,993	3,491	14.4	3,629

# Revenue

Q2 2022

89.3 M€ (75.0) +18.9%

Organic +9.7%

1-6 2022

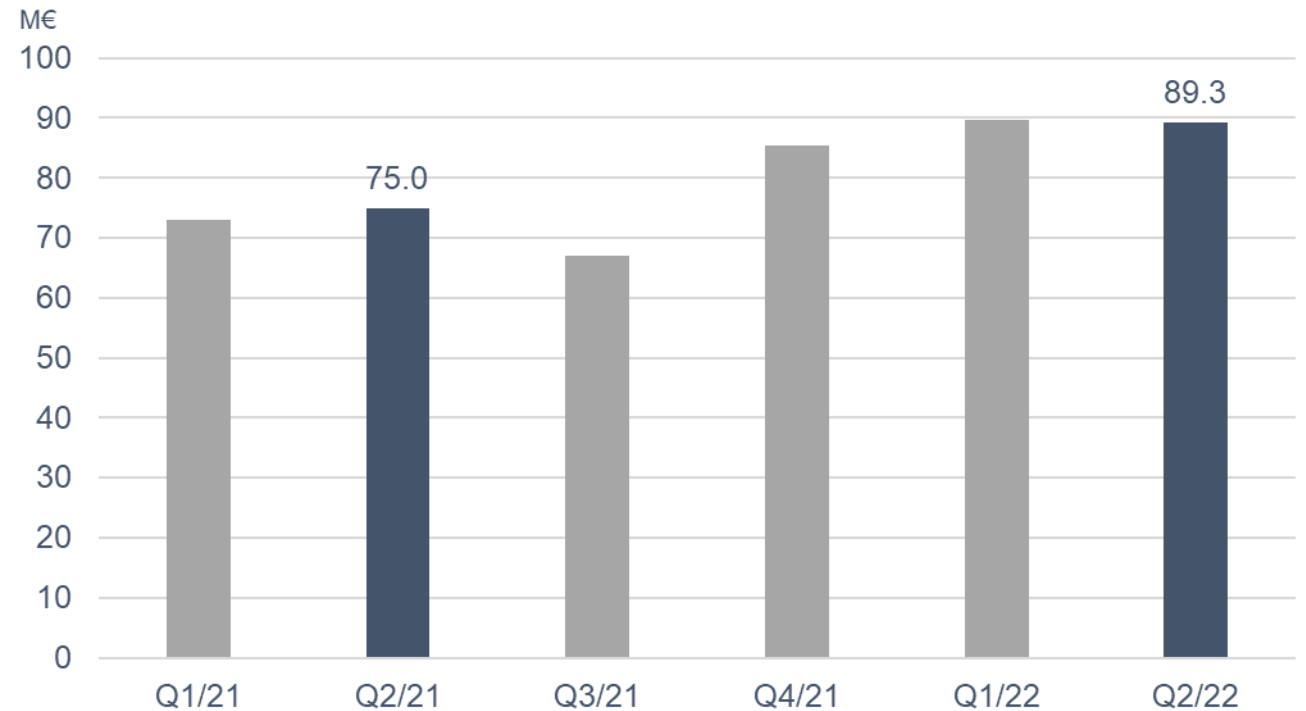
178.8 M€ (148.0) +20.8%

Organic +11.9%

Acquisitions increased revenue, organic growth was also strong.

The significant increase in sickness-related absences; more holidays; an increase in hours of training and investments slowing down in certain customer industries affected the accumulation of revenue in Q2.

Revenue from key accounts increased by 6.9% in Q2.



# Growth and new capabilities through acquisitions

## Strategic investment in Ekkono Solutions AB

Etteplan acquired 20 per cent of Swedish start-up company Ekkono Solutios AB, a developer of machine learning and artificial intelligence technology. Ekkono Edge Intelligence is a software suite for edge computing. With the help of it, the use of for instance vehicles and electric motors can be analyzed in real time, self-learning and individually while operational. The investment supports Etteplan's strategy and target to bring modern technology as part of our service solutions.



Acquired companies	Number of personnel	Included in Etteplan's figures
DD COM B.V., The Netherlands	15	June 1, 2022
LCA Consulting Oy, Finland	11	May 1, 2022
Syncore Technologies AB, Sweden	46	February 1, 2022
Cognitas GmbH, Germany	200	January 1, 2022
BST Buck Systemtechnik GmbH, Germany	30	October 1, 2021
Adina Solutions Oy, Finland	13	August 1, 2021
Skyrise.tech S.A. in Poland	80	June 1, 2021
F.I.T. Fahrzeug Ingenieurtechnik GmbH, Germany	15	May 1, 2021
TekPartner A/S, Denmark	19 + network	January 1, 2021

# EBITA

## Q2 2022

8.1 M€, 9.1% (7.8 M€, 10.4%) +4.6%

Non-recurring -0.3 M€ (-0.4)

## 1-6 2022

17.1 M€, 9.6% (15.5 M€, 10.5%) +10.5%

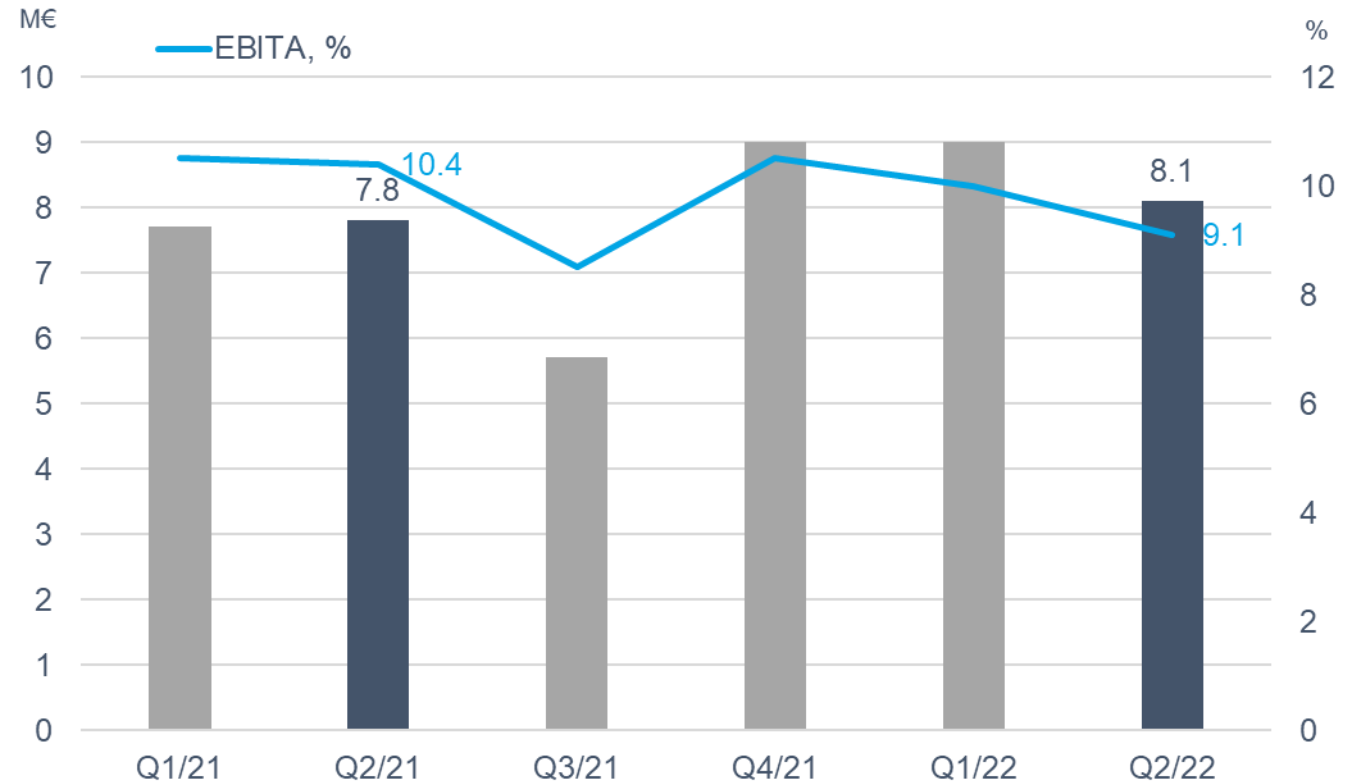
Non-recurring -0.6 M€ (-0.4)

Profitability was at a moderate level.

Increased personnel, training and travel expenses due to a backlog generated during the pandemic affected profitability.

Going forward, we expect the cost structure to normalize at a level that corresponds to the new hybrid work model.

In addition, profitability was affected by sickness-related absences, more holidays, and organizational restructuring costs in the software business.



# EBIT

## Q2 2022

6.8 M€, 7.6% (6.7 M€, 9.0%) +1.3%

Non-recurring -0.3 M€ (-0.4)

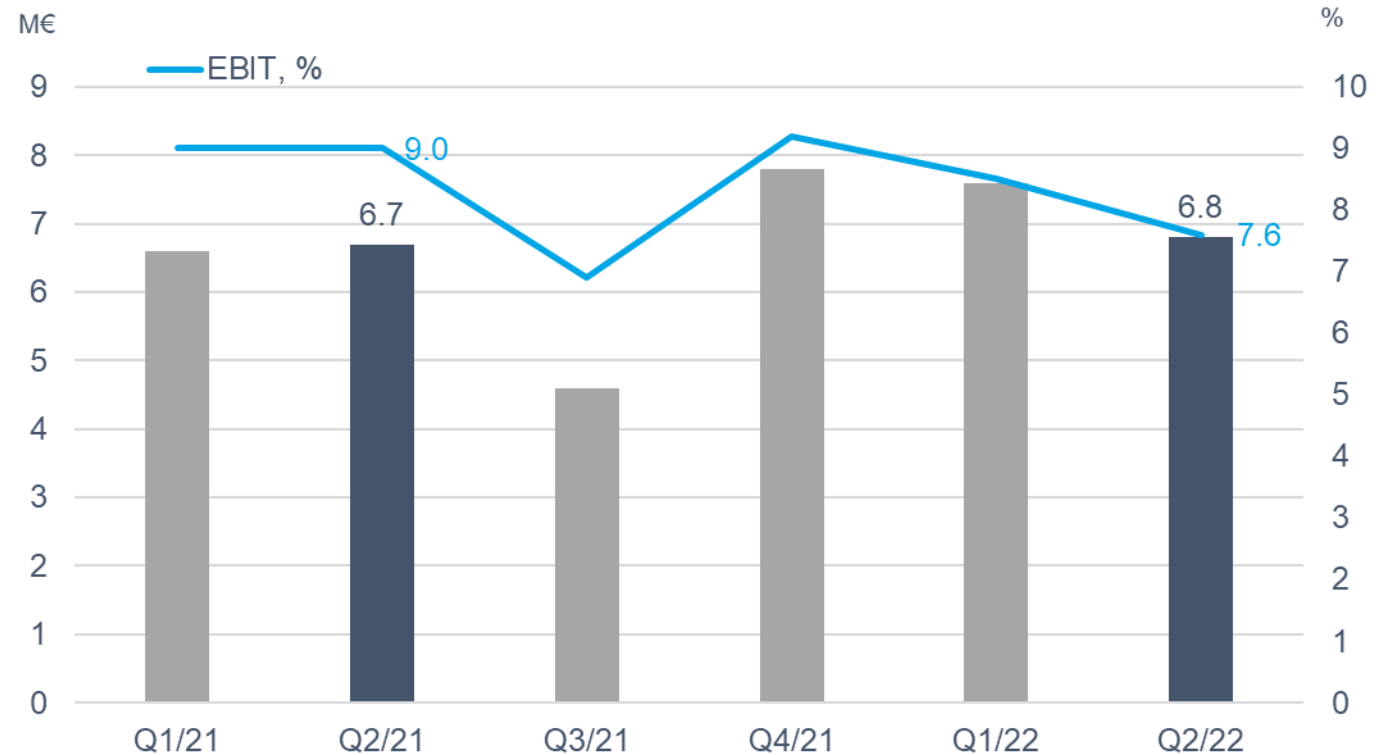
Amortization related to acquisitions 1.3 M€ (1.1)

## 1-6 2022

14.4 M€, 8.1% (13.3 M€, 9.0%) +8.4%

Non-recurring -0.6 M€ (-0.4)

Amortization related to acquisitions 2.7 M€ (2.2)

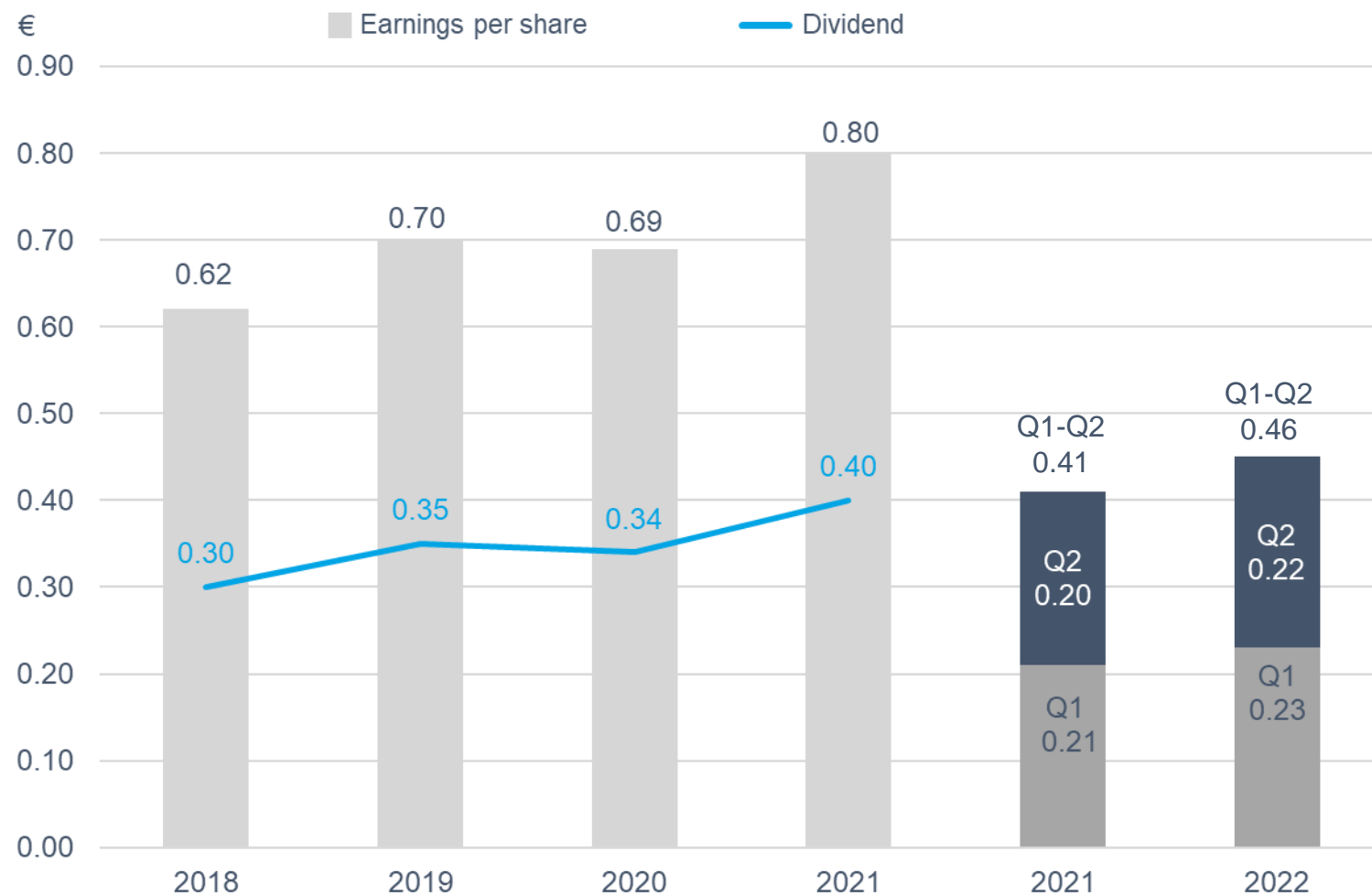


# Earnings per share and dividend

## Earnings per share

Q2 2022: 0.22 € (0.20) +10.0%

1-6 2022: 0.46 € (0.41) +12.2%





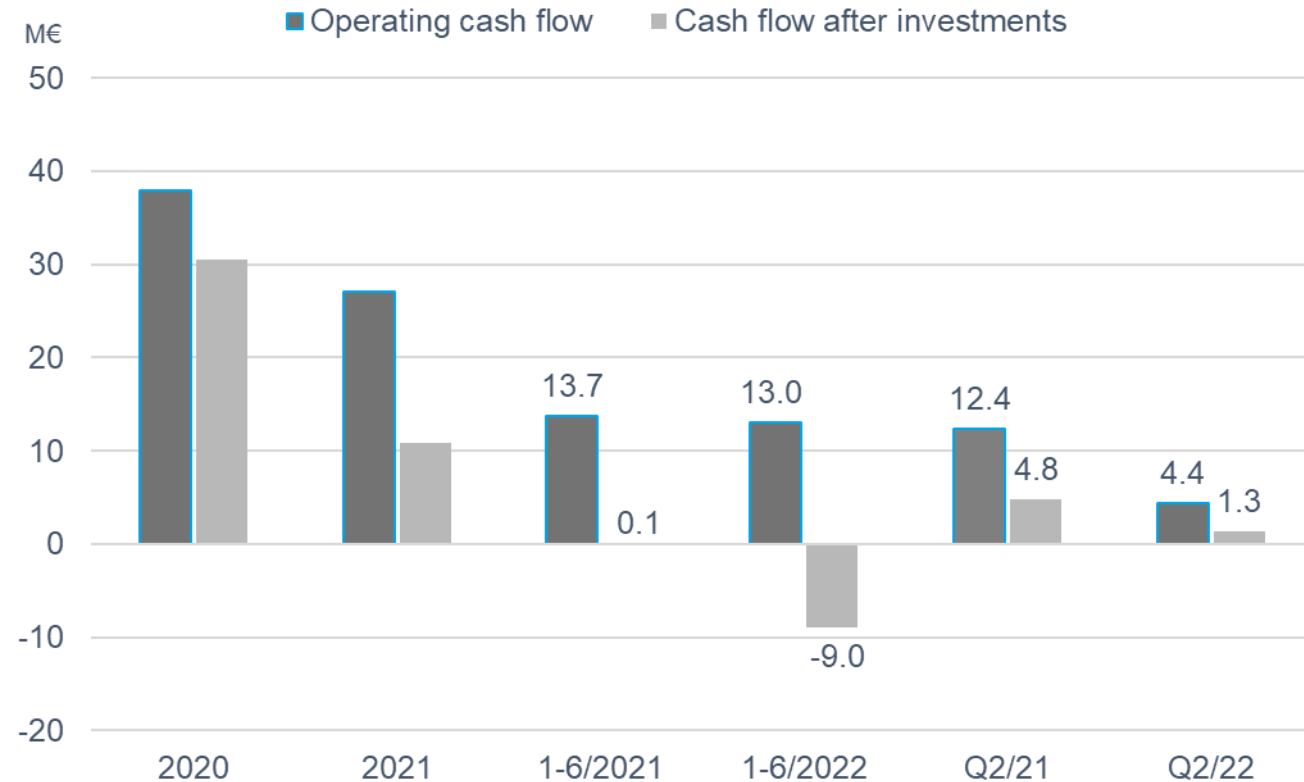
# Cash flow

## Operating cash flow

Q2 2022: 4.4 M€ (12.4)

1-6 2022: 13.0 M€ (13.7)

Strong invoicing in the final quarter of 2021 was reflected favorably in operating cash flow in early 2022, but increased trade receivables and higher-than-usual personnel, training and travel expenses in the Q2 2022 had a negative effect on cash flow.



Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

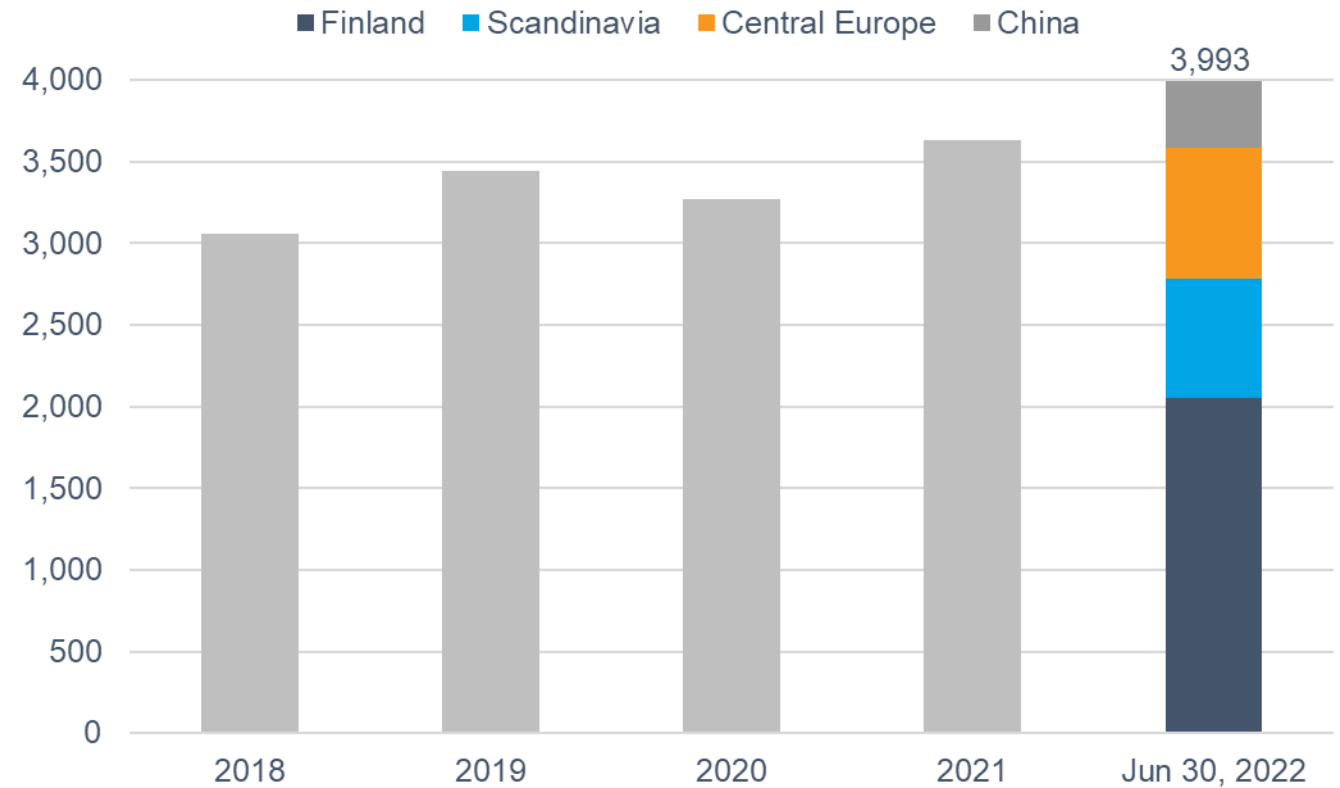
# Personnel

At the end of the period **3,993** (3,491) **+14.4%**  
Average **3,913** (3,365)

Compared to the end of June 2021, the number of personnel increased by 14.4%.

At the end of the review period, 1,944 (Jun 30, 2021: 1,510) people were employed by the Group outside of Finland.

The number of personnel reached a new level and exceeded 4,000 soon after the end of the review period.



# Service areas Q2 2022

# Engineering Solutions

## Q2 2022

Revenue **46.2 M€** (42.0) **+10.0%**

EBITA **4.9 M€**, **10.6%** (4.2 M€, 9.9%)

## 1-6 2022

Revenue **92.9 M€** (83.4) **+11.4%**

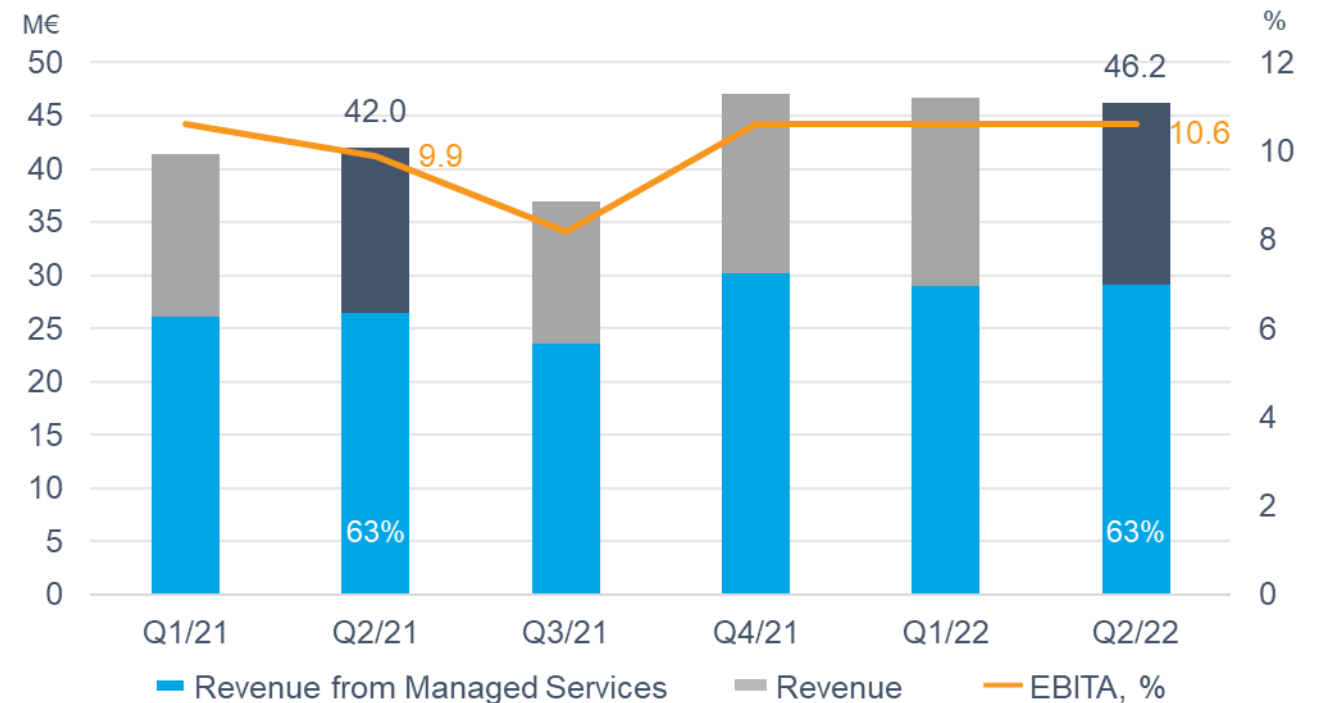
EBITA **9.8 M€**, **10.6%** (8.6 M€, 10.3%)

Personnel **2,125** (1,995) at the end of the period

The demand situation remained good level in all markets.

The demand for Engineering-to-Order services remained at a good level, but new investments were slightly slower to start due to the rising inflation.

Profitability was at a very good level due to good operational efficiency and a change in a customer agreement, although sickness-related absences and increased personnel, training and travel expenses affected profitability.



# Software and Embedded Solutions

## Q2 2022

Revenue **25.1 M€** (19.9) **+26.5%**

EBITA **1.9 M€**, 7.4% (2.2 M€, 10.9%)

## 1-6 2022

Revenue **49.7 M€** (38.7) **+28.6%**

EBITA **4.2 M€**, 8.5% (4.3 M€, 11.0%)

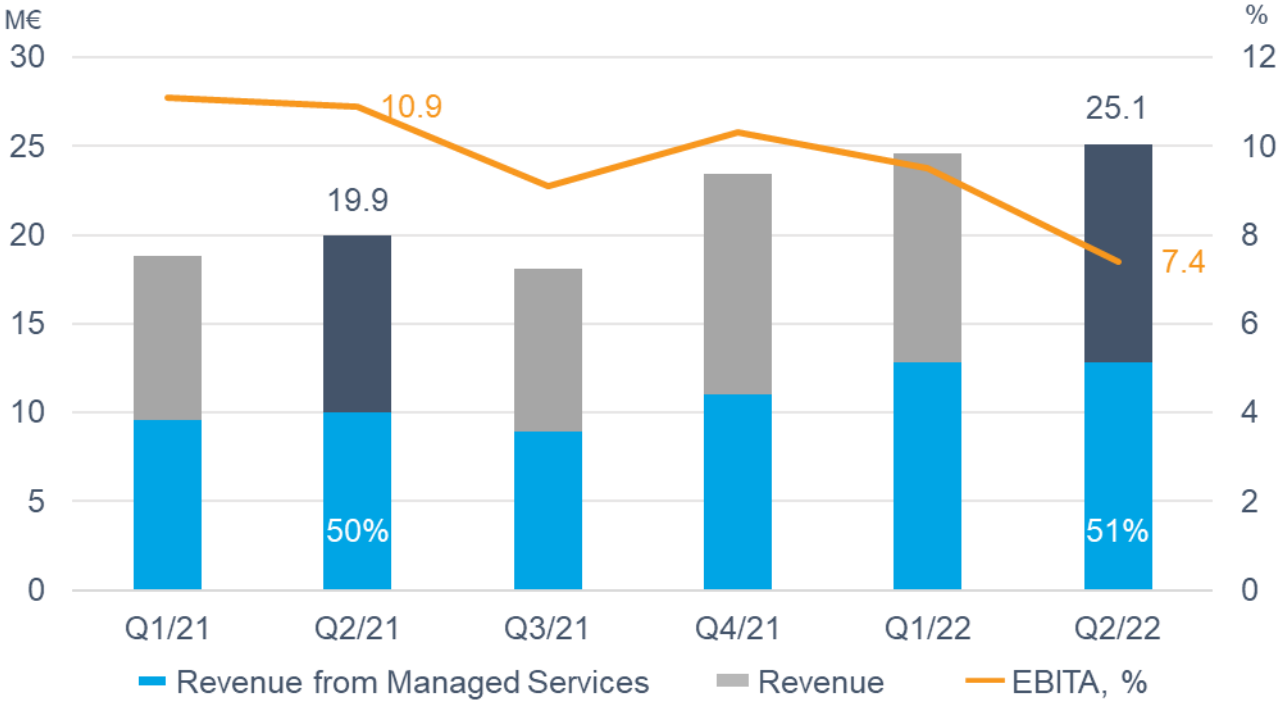
Personnel **838** (721) at the end of the period

Market situation remained good. Acquisitions and increased subcontracting affected revenue.

Due to the rising inflation, product development projects were postponed or slow to get started.

Profitability and operational efficiency were not in line with our expectations.

Organizational restructuring measures were implemented, which created non-recurring costs in Q2. Increased subcontracting, sickness-related absences and increased personnel, training and travel expenses affected profitability.



# Technical Documentation Solutions

## Q2 2022

Revenue **17.7 M€** (13.0) **+36.4%**

EBITA **1.5 M€**, **8.7%** (1.6 M€, 12.5%)

## 1-6 2022

Revenue **35.8 M€** (25.5) **+40.3%**

EBITA **3.4 M€**, **9.4%** (3.0 M€, 11.8%)

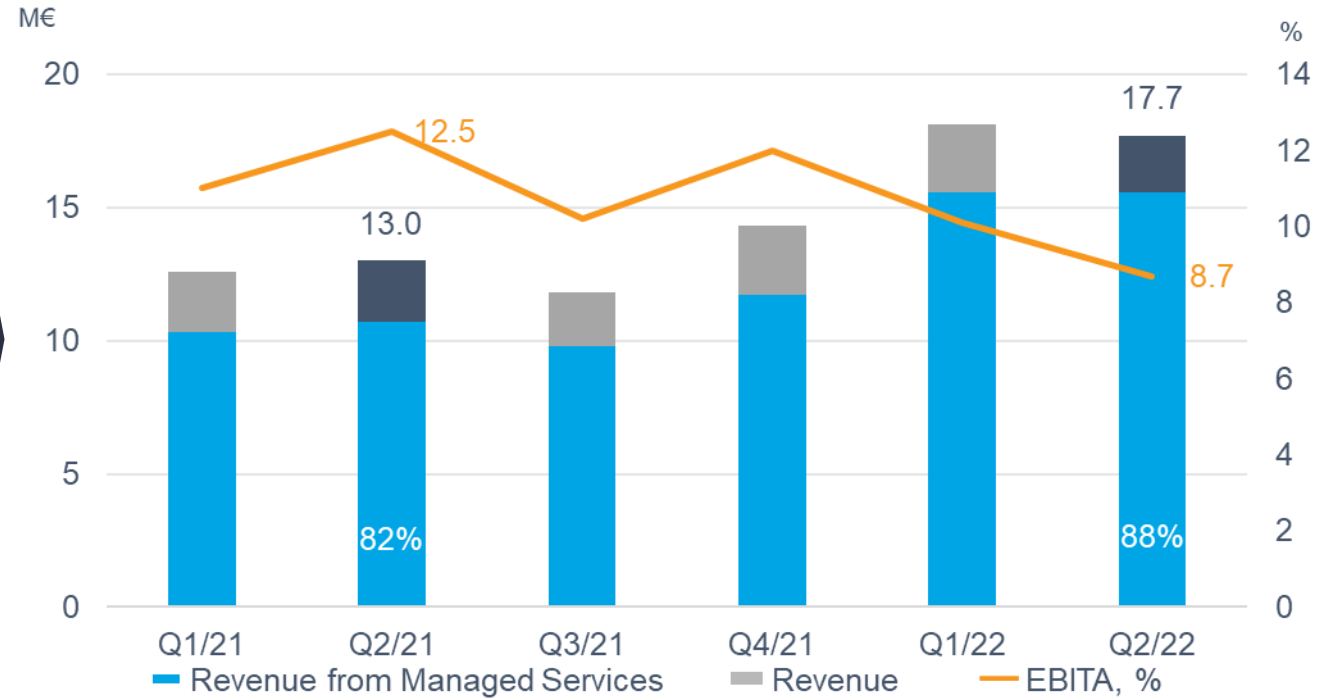
Personnel **892** (644) at the end of the period

Demand situation remained good.

Acquisitions and success of outsourcings contributed to growth.

Operational efficiency was at a fairly good level.

Profitability was affected by the weaker profitability of Cognitas early 2022, and fluctuations in demand in certain units. Sickness-related absences and increased personnel, training and travel expenses also affected profitability.



# Etteplan's targets



# Financial targets 2020-2024

Revenue  
>EUR 500  
million

Rolling 12 months:  
EUR 331 million

50%  
Revenue  
outside  
Finland

1-6/2022: 48%

75%  
Managed  
Services share  
of Revenue

1-6/2022: 65%

10%  
Operating  
profit  
(EBITA)

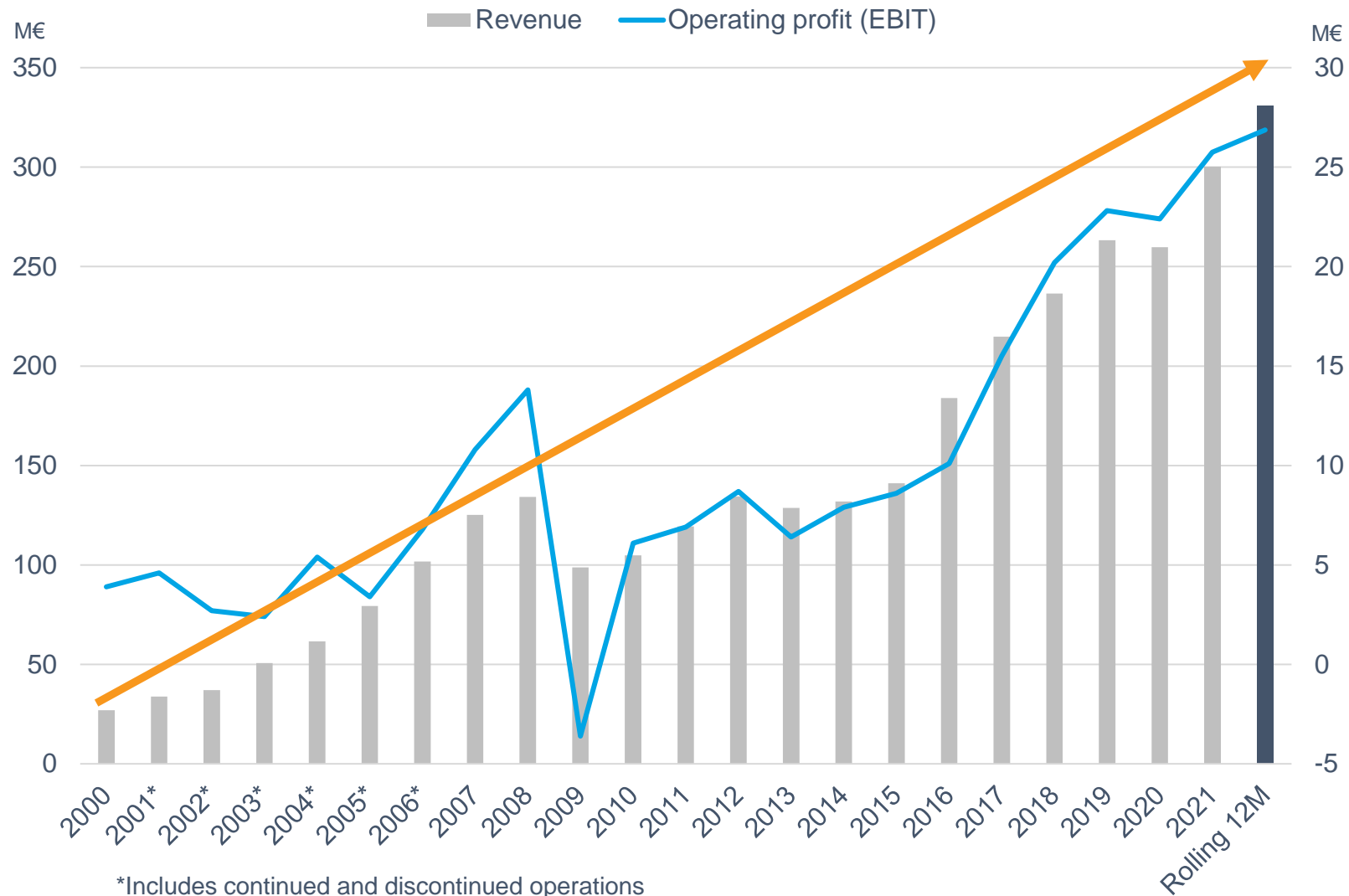
1-6/2022: 9.6%



# Questions?



# Revenue and EBIT 2000-Q2/2022



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**Etteplan**