

Etteplan Q2 2023: Growth slowed down in a difficult market

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Operating environment in Q2 2023

- Russian aggression against Ukraine and the subsequent elevation in geopolitical tensions have increased uncertainty globally.
- Inflation remained high, which raised prices and affected consumer behavior.
- Changes in consumer demand are reflected in industry, which has an impact on our customers' willingness to invest and affects demand in certain industries.
- Investments related to the defense industry, energy efficiency and green transition were growing.

Development in main markets:

The geopolitical tensions caused by Russian aggression against Ukraine have increased uncertainty and accelerated inflation in all our operating countries in Europe, and several European countries are in a slight recession, which is reflected in demand.

The war and geopolitical tensions have increased uncertainty also in China and affected Western investments and international trade.

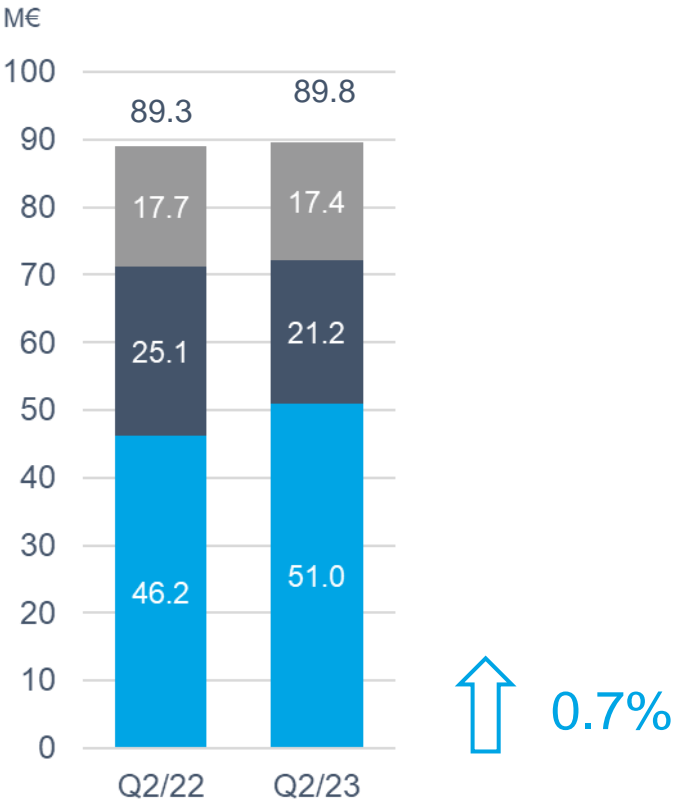
Highlights Q2 2023

- + Operating cash flow was at a good level despite weaker market conditions.
- + The demand for Engineering-to-Order projects remained at a good level.
- + Engineering Solutions service area continued to grow, and its profitability was at a good level.
- + R&D investment activity showed signs of recovery at the end of the quarter.
- + We returned to the acquisition path at the beginning of the third quarter by acquiring LAE Engineering GmbH in Germany.
- Software and Embedded Solutions service area's performance was weak due to low level of R&D investment.
- Cognitas continued to burden Technical Communication Solutions service area's result.

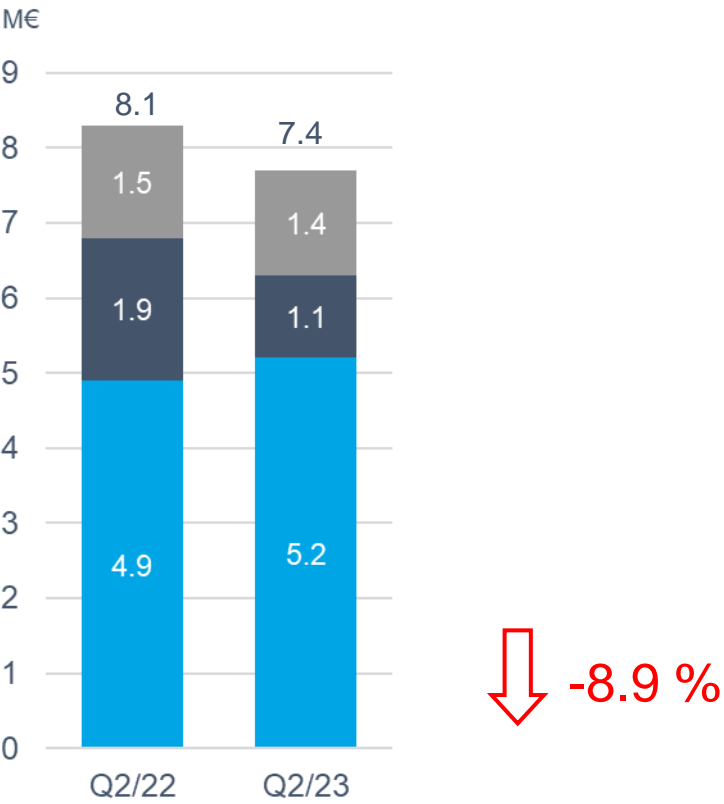


Revenue and operating profit (EBITA)

Group revenue



Group operating profit (EBITA)



■ Engineering Solutions ■ Software and Embedded Solutions ■ Technical Communication Solutions

Revenue and personnel



- Engineering Solutions 56% (52%)
- Software and Embedded Solutions 24% (28%)
- Technical Communication Solutions 20% (20%)

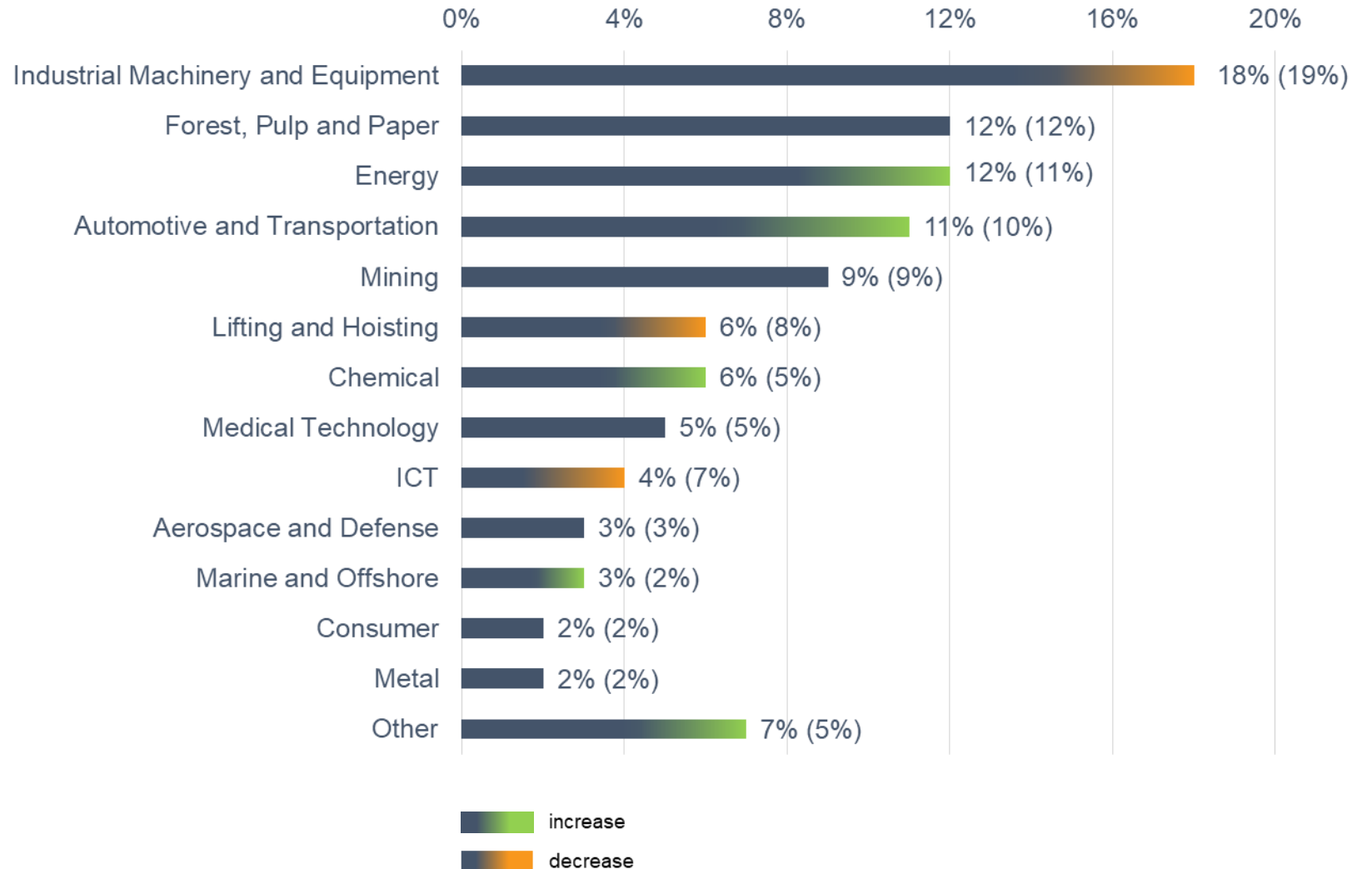


- Finland 52% (52%)
- Scandinavia 24% (25%)
- Central Europe 21% (19%)
- China 3% (4%)



- Finland 51% (51%)
- Scandinavia 18% (19%)
- Central Europe 21% (20%)
- China 10% (10%)

Revenue by customer segment 1-6/2023



Financial development Q2 2023



Key Figures

M€	4-6/2023	4-6/2022	Change %	1-6/2023	1-6/2022	Change %	1-12/2022
Revenue	89.8	89.3	0.7	184.8	178.8	3.3	350.2
Revenue from outside Finland	42.6	43.0	-1.0	89.0	85.2	4.5	169.1
Operating profit (EBITA)	7.4	8.1	-8.9	15.0	17.1	-12.3	33.9
EBITA, %	8.3	9.1		8.1	9.6		9.7
Operating profit (EBIT)	6.1	6.8	-10.3	12.4	14.4	-14.3	28.6
EBIT, %	6.8	7.6		6.7	8.1		8.2
Basic earnings per share, EUR	0.15	0.22	-31.8	0.32	0.46	-30.4	0.73
Operating cash flow	8.9	4.4	103.0	16.1	13.0	23.9	28.1
Managed Services Index	67	64	4.7	67	65	3.6	66
Personnel at end of the period	3,942	3,972	-0.8	3,942	3,972	-0.8	3,951

Revenue

Q2 2023

89.8 M€ (89.3) +0.7%

At comparable exchange rates +3.2%

Organic +0.3%

At comparable exchange rates +2.7%

1-6 2023

184.8 M€ (178.8) +3.3%

At comparable exchange rates +5.5%

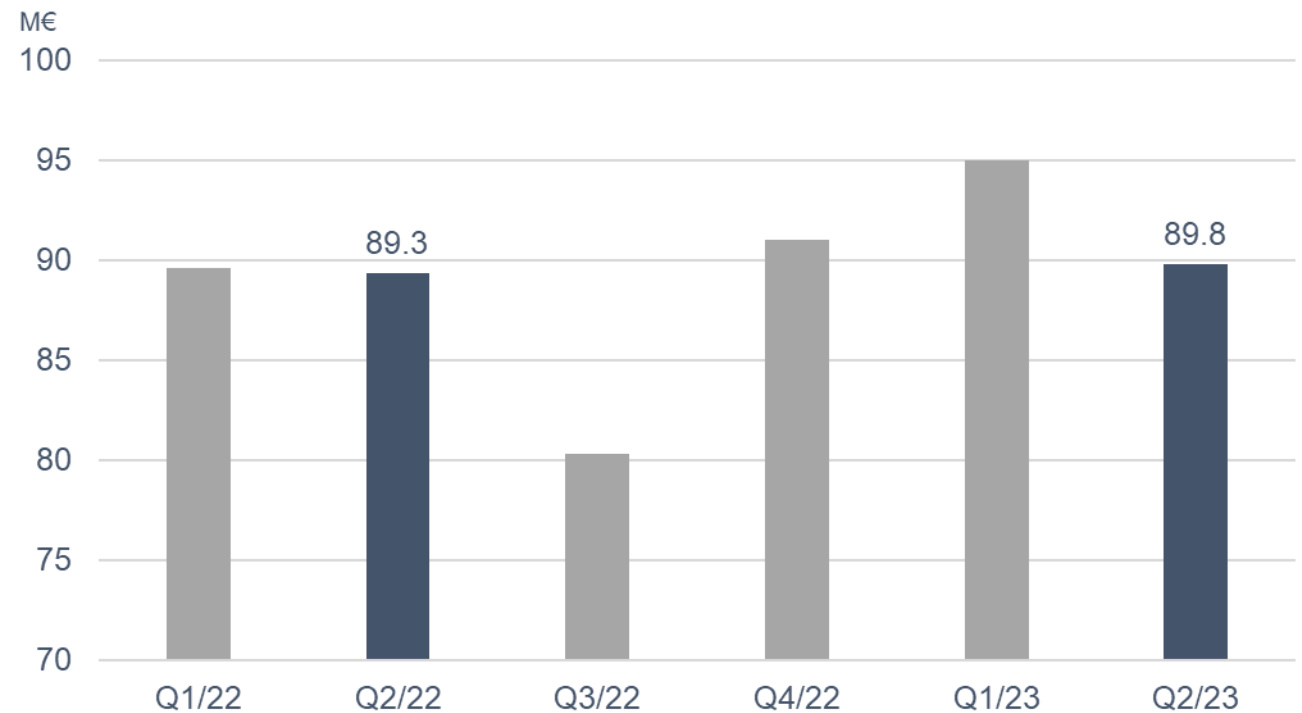
Organic +2.6%

At comparable exchange rates +4.8%

In the difficult market situation, our growth slowed down.

The review period was shorter than the comparison period, and more holidays also had a slight impact on our development.

Revenue from key accounts decreased by 3.3% in Q2.



EBITA

Q2 2023

7.4 M€, 8.3% (8.1 M€, 9.1%) -8.9%

Non-recurring -0.4 M€ (-0.3)

1-6 2023

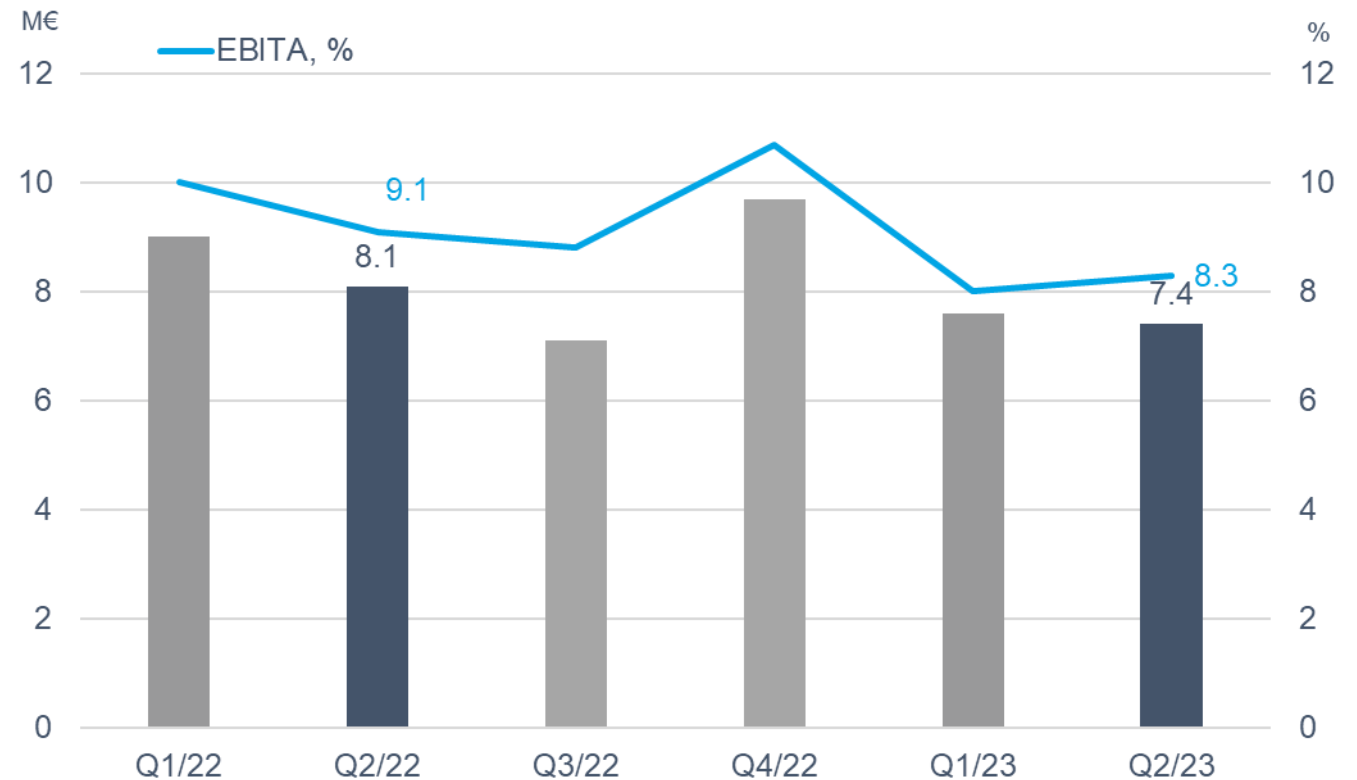
15.0 M€, 8.1% (17.1 M€, 9.6%) -12.3%

Non-recurring -1.3 M€ (-0.6)

Market situation was weaker than expected and operational efficiency weakened, and we took measures to rectify the situation.

The combined effect of non-recurring items was EUR -0.4 (-0.3) million in April-June and EUR -1.3 (-0.6) million in January-June.

The January-June operating profit (EBITA) and operating profit (EBIT) were also affected by the one-time salary payment of EUR -1.1 million paid in Q1 according to the collective labor agreement in Finland.



EBIT

Q2 2023

6.1 M€, 6.8% (6.8 M€, 7.6%) -10.3%

Non-recurring -0.4 M€ (-0.3)

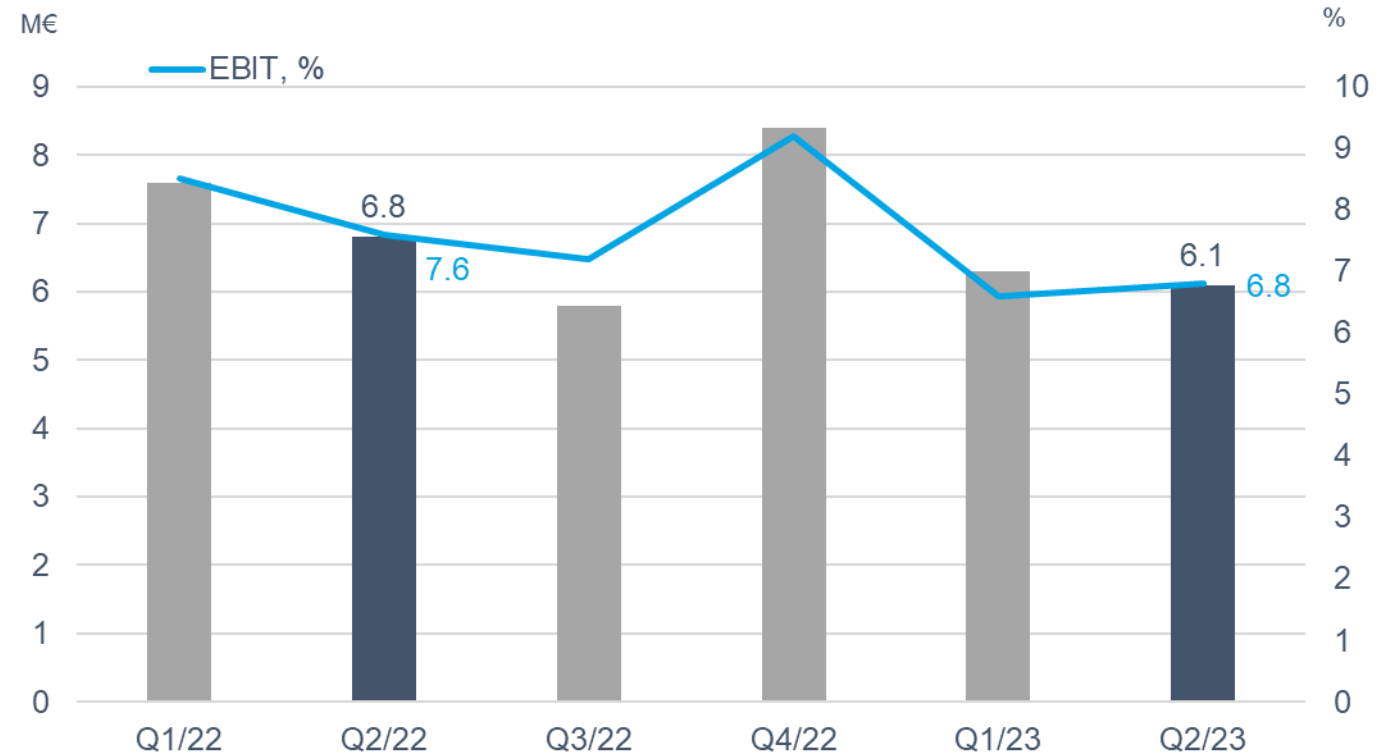
Amortization related to acquisitions 1.3 M€ (1.3)

1-6 2023

12.4 M€, 6.7% (14.4 M€, 8.1%) -14,3%

Non-recurring -1.3 M€ (-0.6)

Amortization related to acquisitions 2.6 M€ (2.7)



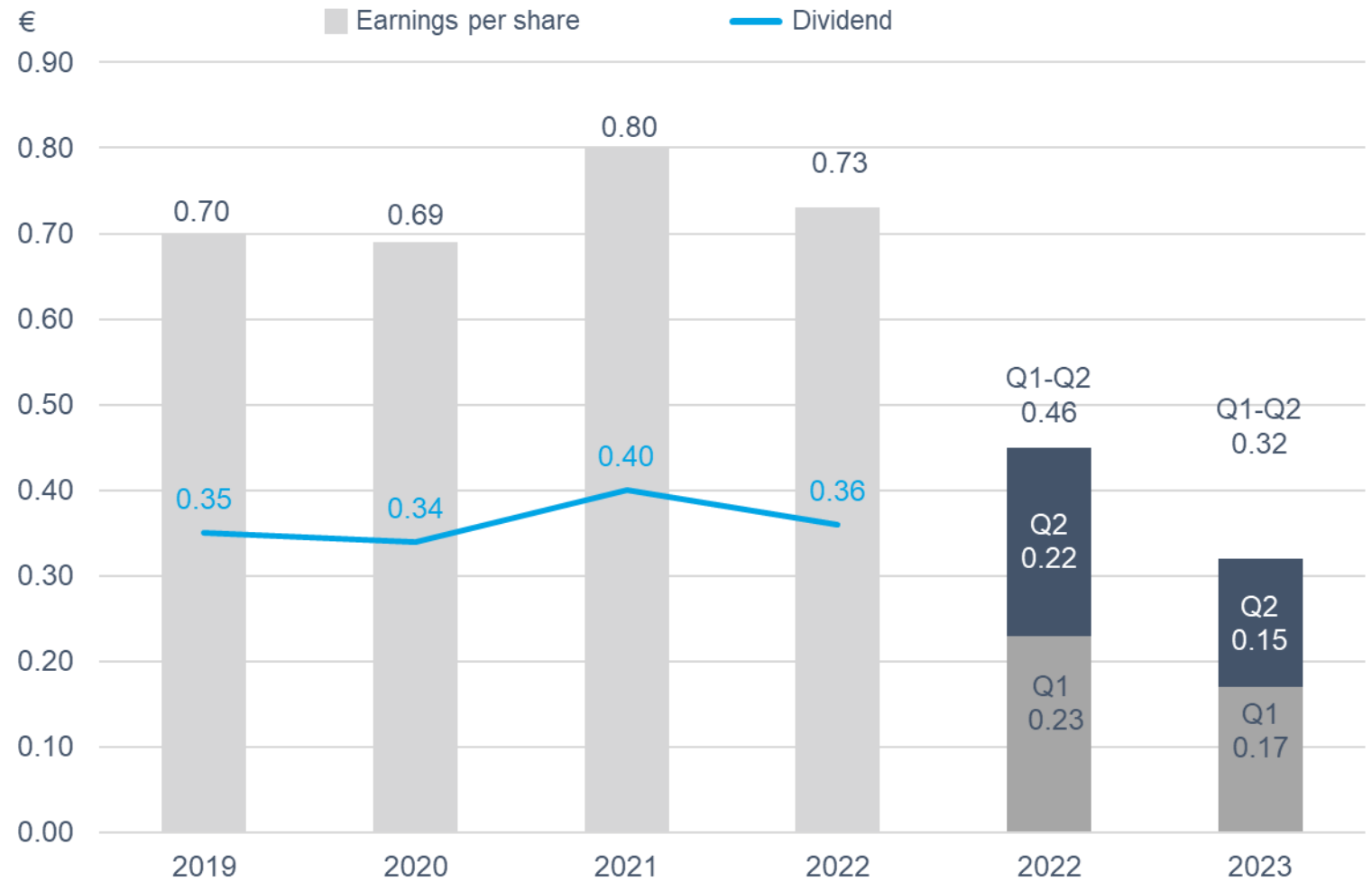
Earnings per share and dividend

Earnings per share

Q2 2023: 0.15€ (0.22) -31.8%

1-6 2023: 0.32€ (0.46) -30.4%

The rise in interest rates had an impact on financing costs and earnings per share.



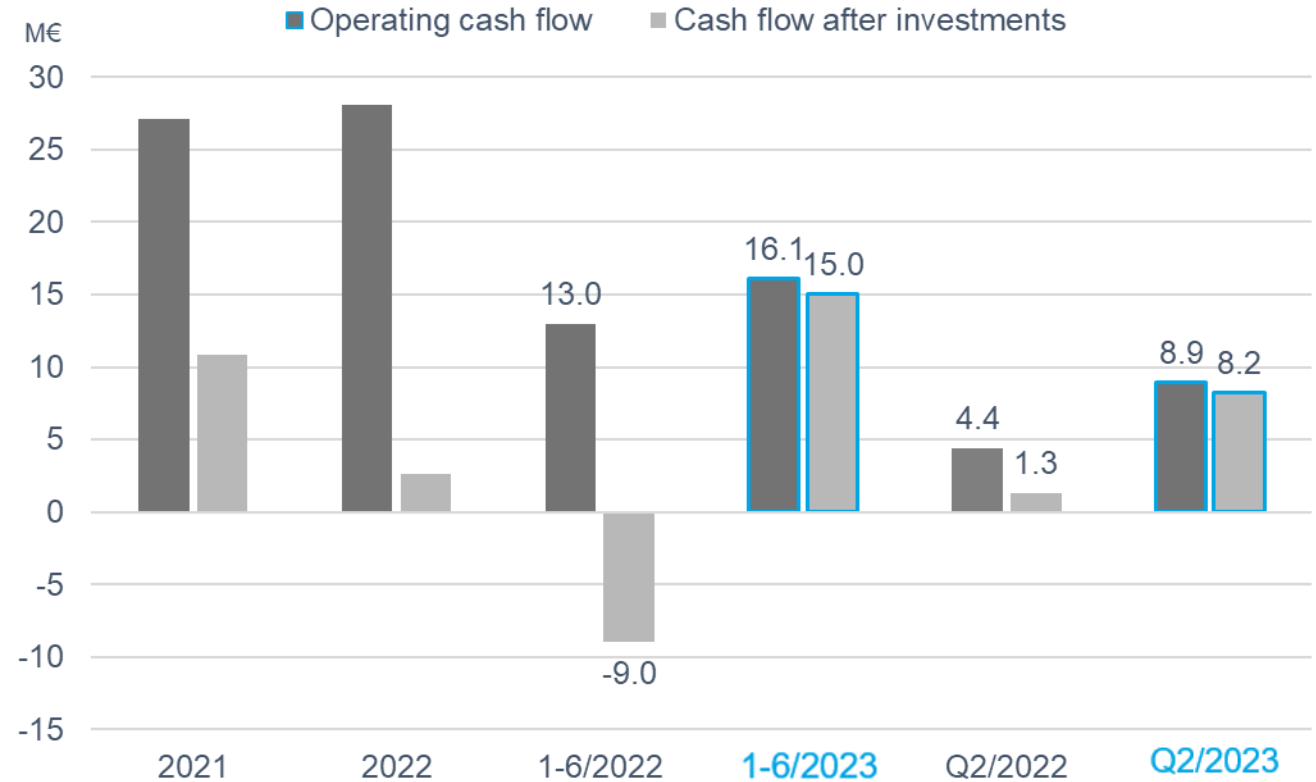
Cash flow

Operating cash flow

Q2 2023: 8.9 M€ (4.4)

1-6 2022: 16.1 M€ (13.0)

Operating cash flow was at a good level.



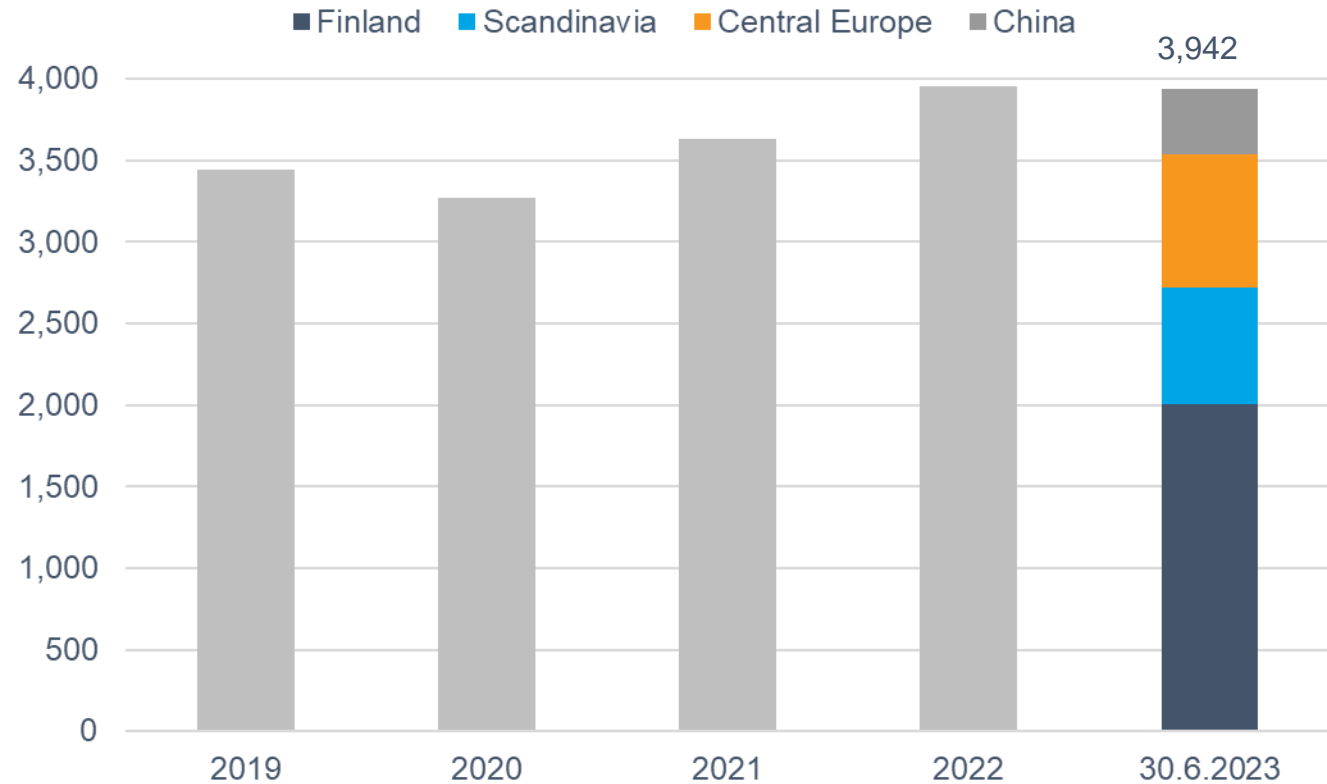
Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Personnel

At the end of the period **3,942** (3,972) **-0.8%**
Average **3,949** (3,913)

Compared to the end of June 2022, the number of personnel decreased by 0,8%.

At the end of the review period, 1,938 (June 30, 2022: 1,923) people were employed by the Group outside of Finland.



Service areas Q2 2023

Engineering Solutions

Q2 2023

Revenue **51.0 M€** (46.2) **+10.4%**

EBITA **5.2 M€**, **10.3%** (4.9 M€, 10.6%)

1-6 2023

Revenue **102.7 M€** (92.9) **+10.6%**

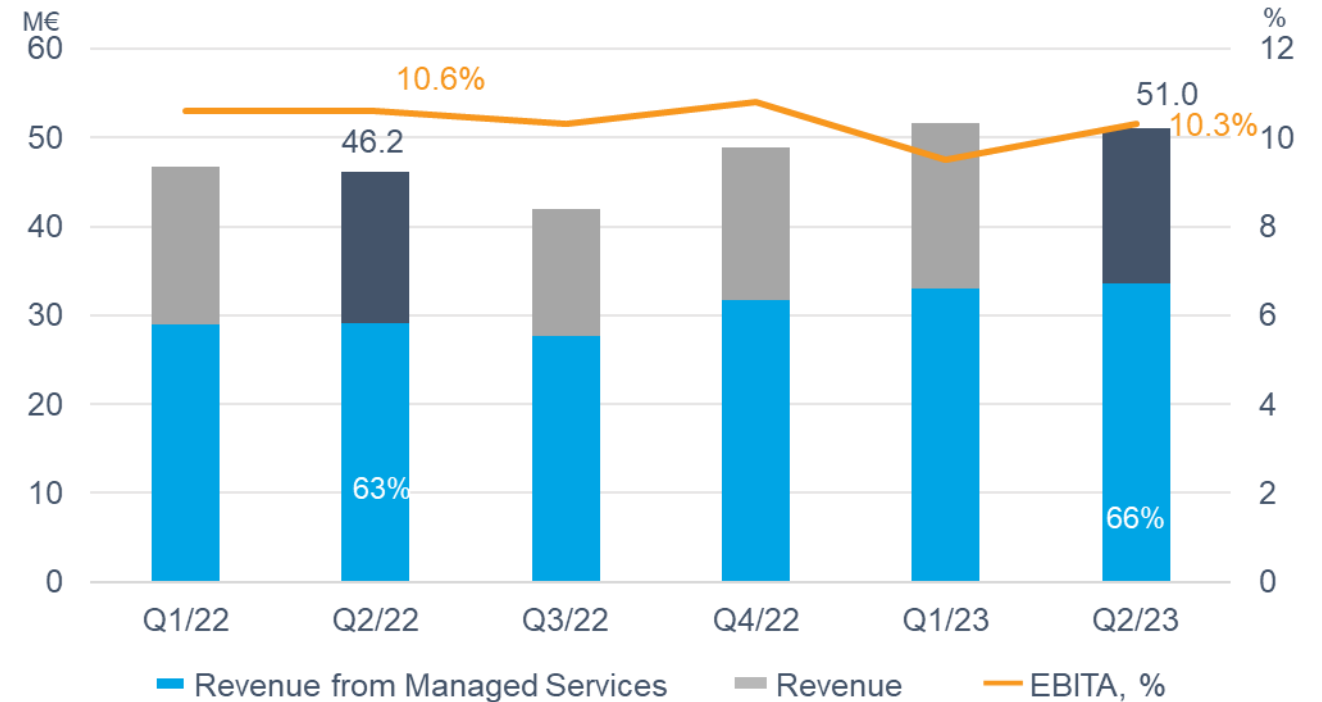
EBITA **10.2 M€**, **9.9%** (9.8 M€, 10.6%)

Personnel **2,177** (2,125) at the end of the period

The demand for Engineering-to-Order services related to customer projects remained at a good level, but new investments were slightly slower to start due to general market uncertainty.

Profitability was at a good level due to good operational efficiency.

We signed several outsourcing contracts during the review period, which proves the functionality of our service offering also in an uncertain market situation.



Annual revenue of approx. EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area.

Software and Embedded Solutions

Q2 2023

Revenue **21.2 M€** (25.1) **-15.4%**

EBITA **1.1 M€**, **5.3%** (1.9 M€, 7.4%)

1-6 2023

Revenue **45.1 M€** (49.7) **-9.3%**

EBITA **2.8 M€**, **6.1%** (4.2 M€, 8.5%)

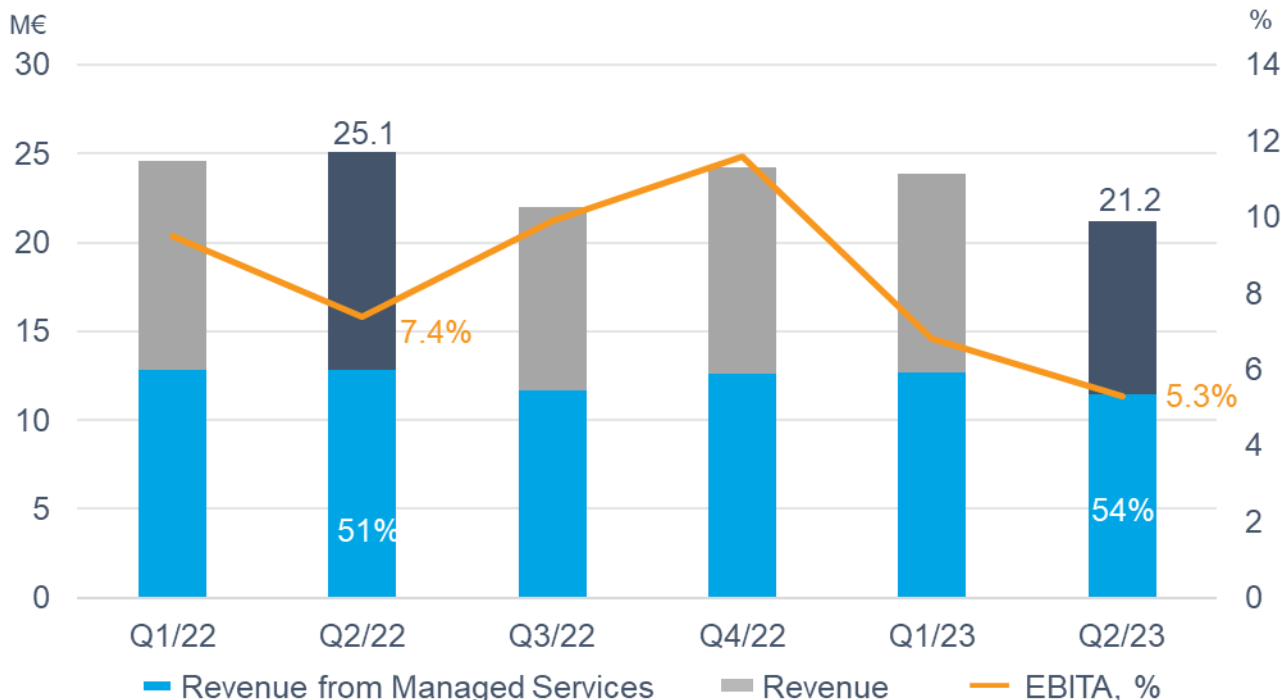
Personnel **729** (817) at the end of the period

Due to the uncertain market situation, the number of R&D projects launched during the review period was low and some projects were suspended.

Profitability and operational efficiency were at a modest level.

We took several measures in the service area to enhance operational efficiency.

Towards the end of the review period customer investment activity showed signs of recovery and we secured several major deals.



Annual revenue of approx. EUR 5 million and 33 employees were transferred to the Engineering Solutions service area from the Software and Embedded Solutions service area.

Technical Communication Solutions

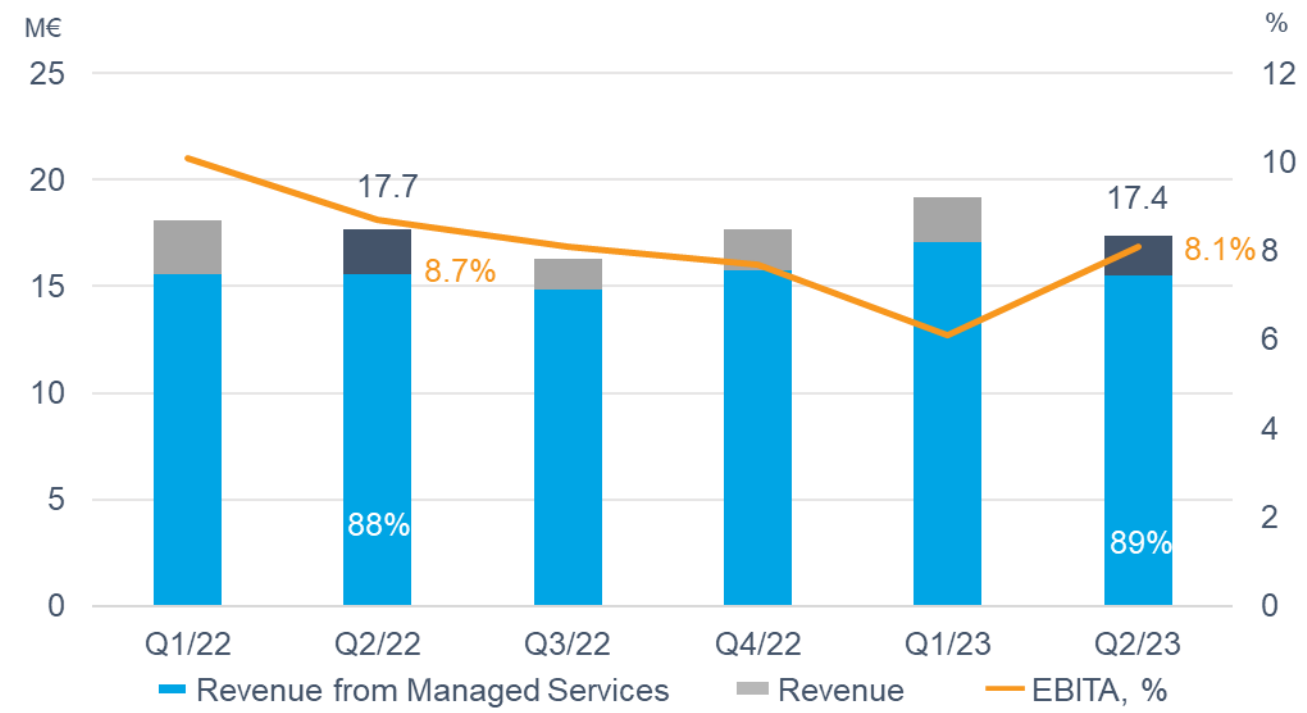
Q2 2023

Revenue **17.4 M€** (17.7) **-1.5%**
EBITA **1.4 M€**, **8.1%** (1.5 M€, 8.7%)

1-6 2023

Revenue **36.6 M€** (35.8) **+2.3%**
EBITA **2.6 M€**, **7.0%** (3.4 M€, 9.4%)
Personnel **872** (892) at the end of the period

Demand situation weakened.
Operational efficiency was at a moderate level, while the weakened market situation in China burdened operational efficiency slightly.
The weaker profit level of Cognitas continued to burden our profitability, but measures to improve profitability are progressing.



Financial guidance for 2023 and Etteplan's targets



Financial guidance 2023

Etteplan specifies its financial guidance for revenue and operating profit (EBIT) within the previously communicated range and estimates:

- **Revenue in 2023 is estimated to be EUR 360–380 million (previously MEUR 360-390, 2022: 350.2)**
- **Operating profit (EBIT) in 2023 is estimated to be EUR 28–31 million (previously MEUR 28-33, 2022: 28.6)**

Market outlook

The most important factor affecting Etteplan's business is the global development of the machinery and metal industry. Russia's war of aggression in Ukraine and the subsequent elevation in geopolitical tensions have increased uncertainty globally. Inflation remains high, but it is expected to decrease gradually. Slowing inflation should increase consumer demand and increase companies' willingness to invest.

At the same time, investments related to the defense industry, energy efficiency and green transition are growing. There is variation in demand, but we expect the general demand situation to be moderate throughout 2023.

Financial targets 2023-2024

Revenue
>EUR 500
million

Rolling 12 months:
EUR 356 million

55%
Revenue
outside
Finland

1-6/2023: 48%

75%
Managed
Services share
of Revenue

1-6/2023: 67%

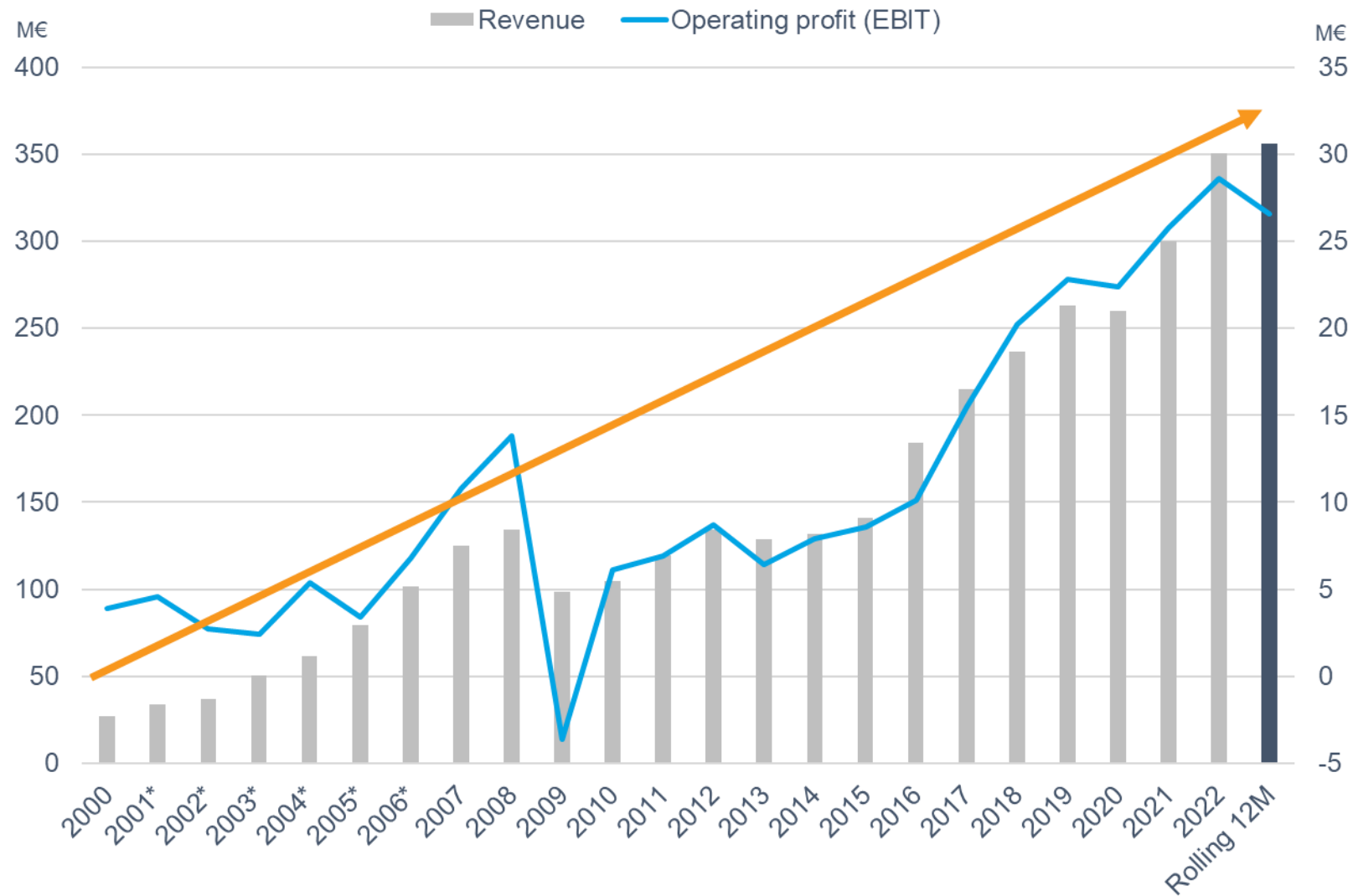
>10%
Operating
profit
(EBITA)

1-6/2023: 8.1%

Questions?



Revenue and EBIT 2000-Q2/2023



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Etteplan