

Interim Report January-September 2016

# Growth continued, organic growth slowed down

Engineering with  
**a difference**



ETTEPLAN OYJ INTERIM REPORT  
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## ETTEPLAN 1-9/2016: GROWTH CONTINUED, ORGANIC GROWTH SLOWED DOWN

### Review period July-September 2016

- The Group's revenue increased by 31.7 per cent and was EUR 42.0 million (7-9/2015: EUR 31.9 million).
- EBIT from business operations\* was EUR 2.4 million (EUR 1.9 million), or 5.8 per cent (5.9 per cent) of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 0.3 million (EUR 0.3 million).
- Operating profit (EBIT) was EUR 1.9 million (EUR 1.7 million), or 4.4 per cent (5.2 per cent) of revenue.
- The profit for the review period was EUR 1.5 million (EUR 1.3 million).
- Operating cash flow decreased and was EUR -3.6 million (EUR -1.7 million).
- Earnings per share, adjusted for the share issue, were EUR 0.05 (EUR 0.06\*\*).
- The number of personnel increased and the Group had 2,508 employees at the end of the review period (2,078).
- Etteplan is updating its estimate of market outlook and keeping its financial guidance unchanged.

### Review period January-September 2016

- The Group's revenue increased by 29.8 per cent and was EUR 130.8 million (1-9/2015: EUR 100.8 million). Organic growth was 2.5 (3.1) per cent.
- EBIT from business operations\* was EUR 7.5 million (EUR 6.7 million), or 5.7 per cent (6.6 per cent) of revenue. EBIT from business operations included exceptional items with a combined negative effect of EUR 1.5 million (EUR 0.6 million).
- Operating profit (EBIT) was EUR 6.1 million (EUR 6.0 million), or 4.7 per cent (6.0 per cent) of revenue.
- The profit for the review period was EUR 4.7 million (EUR 4.4 million).
- Operating cash flow was EUR -4.2 million (EUR 2.1 million).
- Earnings per share, adjusted for the share issue, were EUR 0.20 (EUR 0.20\*\*).
- Etteplan acquired Espotel and Soikea Solutions in April 2016 and expanded its business operations in Embedded Systems and into the Internet of Things (IoT). Etteplan carried out a rights offering in May 2016 to finance the acquisitions.

\*EBIT from business operations reflects the Company's operational performance: it does not include acquisition related items such as amortization on PPA allocations and earn out revaluations.

\*\*The comparison period's earnings per share have been issue adjusted. The rights issue factor was 1.050.

### Market outlook

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. We anticipate that the prevailing uncertainty in the world economy will

slow new investments. The relatively good growth expectations for the European market in 2016 have weakened slightly due to increased economic uncertainty. In the Finnish market, the market situation is expected to remain weaker than in the rest of Europe. In Asia, the service market development is expected to continue.

## Previous estimate of market outlook

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. The relatively good growth expectations for Europe in 2016 were weakened by the result of the Brexit vote in the United Kingdom. In the Finnish market, the market situation is expected to remain weaker than in the rest of Europe. In Asia, the service market development is expected to continue. We expect that the good market situation in North America will continue.

## Financial guidance March 15, 2016

We expect the revenue and operating profit for the full year 2016 to grow significantly compared to 2015.

## Key figures

(EUR 1,000)	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Revenue	41,986	31,880	130,800	100,770	141,143
EBIT from business operations	2,425 ( 5.8 % )	1,894 ( 5.9 % )	7,514 ( 5.7 % )	6,656 ( 6.6 % )	9,540 ( 6.8 % )
Operating profit (EBIT)	1,866 ( 4.4 % )	1,655 ( 5.2 % )	6,115 ( 4.7 % )	6,011 ( 6.0 % )	8,594 ( 6.1 % )
Basic earnings per share, EUR	0.05	0.06 *	0.20	0.20 *	0.28 *
Equity ratio, %	39.7	37.0	39.7	37.0	37.8
Operating cash flow	-3,640	-1,717	-4,174	2,115	9,932
ROCE, %	11.2	14.0	12.1	15.9	17.4
Personnel at end of the period	2,508	2,078	2,508	2,078	2,074

\*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

## President and CEO Juha Näkki:

The third quarter got off to a very slow start after the summer holidays. Market uncertainty was visible particularly in equipment and plant engineering in Finland, where demand was at a low level. In addition more holidays fell on the third quarter than usual. Due to these reasons, our organic growth was negative and our profitability was weaker than expected.

Nevertheless, our revenue continued to grow, boosted by acquisitions. Many digitalization related projects started throughout the review period. Towards the end of the review period also the demand situation in equipment and plant engineering recovered slightly.

The revenue of our Engineering Services service area decreased primarily due to business being transferred to the Embedded Systems and IoT service area. The number of new equipment and plant investment projects was very low especially in Finland, which also affected revenue development. Nonetheless, our quotation base in engineering services is strong and interest in our service solutions is at a good level. The significant outsourcing agreement we signed with Outokumpu after the end of the review period is an excellent example of this. Our local business in China also developed favorably.

In technical documentation, strong growth continued and interest in our outsourcing solutions, in particular, is at a very good level. We improved our profitability slightly compared to the preceding quarter. This was attributable to the positive development of our business in Germany and a significant order received from the German Ministry of the Interior.

The Embedded Systems and IoT service area achieved excellent development. Our customers trust in our strong expertise and we received several large orders during the review period. The integration of Espotel and Soikea into Etteplan is progressing as planned. In the third quarter, we proceeded with system integration, which affected the Group's result in the form of non-recurring costs.

As we move on from a challenging third quarter, we head into the final quarter of the year in a slightly better market situation. I am confident that our strong market position and quotation base will see our business develop favorably during the remaining part of the year.

## Accounting principles

This interim report has not been prepared in accordance with all of the requirements in IAS 34 (Interim Financial Reporting) standard (condensed notes). The accounting policies presented in the 2015 annual financial statements have been followed in the preparation of the interim report with the exception of changes in standards and interpretations in effect in 2016, which concern the Group. These changes did not have material effect on the interim report.

This interim report includes forward-looking estimates and assumptions. Accordingly, outcomes may deviate from these estimates, which are based on the management's best knowledge at the time of the interim report.

## Market review

Etteplan's business is affected by global megatrends as well as industry-specific development. The Internet of Things, digitalization, requirements concerning environmentally friendly products and shorter product life cycles are creating a need for intelligent and efficient engineering solutions in all industrial sectors. The continued trend of service outsourcing has a positive effect on the industry's development. The trend of centralizing service purchasing also continued, presenting growth opportunities for global engineering companies.

The most important factor in Etteplan's development is the global development of the machinery and metal industry. The third quarter of 2016 continued to be characterized by an uncertain market situation and unpredictable changes in Etteplan's main markets and various customer industries. Demand got off to a slow start at the beginning of the year, recovered slightly in the second quarter, but declined again in the third quarter. New equipment and plant engineering investment projects were slow to start after the holiday period especially in Finland, but demand recovered somewhat towards the end of the review period. The demand for digitalization-related services remained at a good level.

There were no significant changes in the demand for our services by customer industry in the third quarter of the year, but customer-specific differences were substantial. Activity in making decisions on new investment projects was low. Demand among mining industry equipment manufacturers was at a weak level on average due to the low price level of raw materials. Demand among lifting and hoisting equipment manufacturers was at a satisfactory level. Demand in the energy and power transmission industry remained at a relatively good level. Demand among forest industry equipment manufacturers remained at a good level. In Sweden, demand from aerospace and defense equipment manufacturers was at a good level. In Finland, demand from aerospace and defense equipment manufacturers was at a relatively good level. In the transportation and vehicle industry, good demand for testing and analysis services requiring special expertise continued. Demand in the ICT industry was at a good level.

There were significant differences in market development between Etteplan's main markets. In Finland, revenues in the technology industry in fall 2016 were at the same level, or slightly lower, than at the corresponding time last year. Measured in euros, orders received by Finnish companies in the machinery and metal industry in January-June were substantially lower than in the corresponding period in 2015 and their order books declined. In Finland, the demand for engineering services was at a weaker level than in Sweden and Central Europe in the third quarter.

The good market demand in Sweden leveled off somewhat. Competition for employees, which burdens the entire engineering industry, continued to be intense. Demand in Central Europe remained at a good level. There were no changes in the demand situation in Germany and the Netherlands. In Poland, the demand for engineering services remained at a good level. In spite of the uncertainty in the Chinese market, companies operating in China increased their purchasing of external services. The opening up of the service market continued to present growth opportunities for operators in the engineering industry.

## Revenue

Etteplan's revenue increased in January-September by 29.8 per cent and was EUR 130.8 million (1-9/2015: EUR 100.8 million). Exchange rate fluctuations did not have a significant impact on the value of revenue. Organic growth was 2.5 (3.1) per cent. Acquisitions increased revenue.

In July-September, revenue grew by 31.7 per cent and was EUR 42.0 million (7-9/2015: EUR 31.9 million). Exchange rate fluctuations did not have a significant impact on the value of revenue. Organic growth was -3.5 (3.7) per cent. The Brexit vote increased the uncertainty in the markets and new projects were very slow to begin after the summer holiday season especially in Finland. Revenue development was also affected by the timing of the holidays, with more holidays falling on the third quarter than usual.

Etteplan's business is subject to periodic fluctuation. The periodic fluctuation is affected by holiday seasons and the timing of product development and investment projects in customer companies mainly in the spring and the latter part of the year. The revenue in the third quarter is typically lower than that of other quarters.

## Result

EBIT from business operations improved in January-September by 12.9 per cent and was EUR 7.5 million (1-9/2015: EUR 6.7 million). Exceptional items had a combined negative effect of EUR 1.5 million (EUR 0.6 million) on EBIT from business operations. The operative EBIT margin was 5.7 per cent (6.6 per cent).

EBIT from business operations in July-September amounted to EUR 2.4 million (7-9/2015: EUR 1.9 million), including exceptional items with a combined negative effect of EUR 0.3 million (EUR 0.3 million).

EBIT from business operations reflects the Company's operational performance: it does not include acquisition-related items such as amortization on PPA allocations and earn out revaluations.

In January-September, operating profit (EBIT) increased by 1.7 per cent and amounted to EUR 6.1 million (1-9/2015: EUR 6.0 million). Operational costs increased by 30.9 per cent. The operating profit margin decreased to 4.7 per cent (6.0 per cent). Exceptional items affected operating profit.

In July-September, operating profit (EBIT) was EUR 1.9 million (7-9/2015: EUR 1.7 million), or 4.4 per cent (5.2 per cent) of revenue. Operating profit was affected by the slow start to equipment and plant investment projects after the summer holiday season especially in Finland as well as exceptional items.

In January-September, financial expenses amounted to EUR 1.1 million (1-9/2015: EUR 0.8 million).

Profit before taxes for January-September was EUR 5.7 million (1-9/2015: EUR 5.6 million). Taxes in the income statement amounted to 17.0 per cent (21.7 per cent) of the result before taxes. The amount of taxes was EUR 1.0 million (EUR 1.2 million).

The profit for January-September was EUR 4.7 million (1-9/2015: EUR 4.4 million).

Earnings per share for January-September, adjusted for the share issue, were EUR 0.20 (1-9/2015: EUR 0.20). The comparison period's earnings per share have been issue adjusted. The rights issue factor was 1.050. Equity per share was EUR 2.02 (EUR 1.62). Return on capital employed (ROCE) before taxes was 12.1 per cent (15.9 per cent).

## Financial position and cash flow

The Group's cash and cash equivalents stood at EUR 3.8 million at the end of September (September 30, 2015: EUR 5.4 million). The Group's financial liabilities amounted to EUR 41.9 million (September 30, 2015: EUR 26.7 million). The total of unused short-term credit facilities stood at EUR 4.4 million (September 30, 2015: EUR 6.8 million).

Operating cash flow in January-September was EUR -4.2 million (1-9/2015: EUR 2.1 million). Cash flow after investments was EUR -27.5 million (1-9/2015: EUR -1.1 million). The decrease in cash flow was attributable to the Company's strong growth and an unfavorable mix of customers' payment terms. Cash flow accrues unevenly over the four quarters of the year due to periodic fluctuation in business.

Total assets on September 30, 2016 were EUR 127.0 million (September 30, 2015: EUR 90.6 million). Goodwill on the balance sheet was EUR 57.4 million (September 30, 2015: EUR 42.2 million).

The equity ratio was 39.7 per cent at the end of September (September 30, 2015: 37.0 per cent).

## Capital expenditures

The Group's gross investments in January-September were EUR 28.6 million (1-9/2015: EUR 9.3 million). The investments consisted mainly of acquisitions carried out in the second quarter. The Group's gross investments in July-September were EUR 0.6 million (7-9/2015: EUR 7.6 million) and were mainly comprised of license fees for engineering software.

## Personnel

The average number of personnel increased in January-September by 24.2 per cent from the comparison period. The Group employed 2,363 (1-9/2015: 1,903) people on average and 2,508 (September 30, 2015: 2,078) people at the end of September. At the end of September, 833 people (September 30, 2015: 704) were employed by the Group outside of Finland. A total of 71 employees were temporarily laid off as of the end of September 2016.

## Business review

Only a small number of equipment and plant engineering investment projects were started in the third quarter, particularly in Finland, and Etteplan's organic growth turned negative. Etteplan's market position was strengthened by the significant acquisitions carried out in the second quarter and the success of the outsourcing business. Etteplan's business in Sweden developed favorably in spite of a slight deterioration in the general market situation in the industry. In Sweden, attrition and the competition for experts continued to burden business. Business in the Netherlands remained stable. Etteplan's business in Germany showed signs of recovery after a slow first half of the year. The demand situation in Poland was good and the business developed favorably.

Key accounts grew by 11.2 per cent in January-September compared to the previous year. In July-September, key accounts grew by 7.2 per cent.

The Company's target has been to achieve a share of 50 per cent for high value-added services (MSI) by the end of 2016. This target was already achieved in the second quarter. High value-added services accounted for 52 per cent of revenue in January-September (1-9/2015: 46 per cent). In July-September, high value-added services accounted for 53 per cent of revenue (7-9/2015: 47 per cent).

The number of hours sold in the Chinese market continued to grow for the second consecutive quarter, with growth of 18 per cent in January-September and 31.2 per cent in July-September.

The Company's service offering was significantly strengthened in April when Etteplan made acquisitions to expand its business operations in Embedded Systems and into the Internet of Things (IoT). The acquired businesses developed very well and their integration into Etteplan progressed according to plan.

## Engineering services

Engineering services refer to the innovation, engineering, and technical calculations of machinery or equipment for the purpose of product development and manufacturing. Assignments are typically product development or delivery engineering for a new product, involving the customization of the product in accordance with end customer requirements and the legislation of the market area in question.



(EUR 1,000)	7-9/2016	7-9/2015*	Change to prev. year	1-9/2016	1-9/2015*	Change to prev. year	1-12/2015*
Revenue	23,239	25,160	-7.6 %	82,896	79,934	3.7 %	112,341
EBIT from business operations	1,138	1,364	-16.6 %	4,432	4,632	-4.3 %	6,805
EBIT from business operations, %	4.9	5.4		5.3	5.8		6.1
Managed Services index	48	44		49	43		44

\*Embedded systems and IOT was included in Engineering services in 2015 and Q1 2016.

*The Embedded Systems competence area, which was previously part of the Engineering Services service area, was transferred to the newly established Embedded Systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded Systems competence area is included in the Engineering Services service area's comparison figures for 2015 and the first quarter of 2016.*

Engineering services accounted for 63.4 per cent of Etteplan's revenue in January-September (1-9/2015: 79.3 per cent) and 55.4 per cent in July-September (7-9/2015: 78.9 per cent). The service area's revenue in January-September grew by 3.7 per cent, amounting to EUR 82.9 million (1-9/2015: EUR 79.9 million). In July-September, revenue decreased by 7.6 per cent compared to the previous year, amounting to EUR 23.2 million (7-9/2015: EUR 25.2 million). The decrease in revenue was attributable to a very slow start of new investment projects after the summer holiday season especially in Finland, particularly in plant engineering services. Revenue development was also affected by the Embedded Systems competence area being transferred to the newly established Embedded Systems and IoT service area.

In engineering services, EBIT from business operations in January-September amounted to EUR 4.4 million (1-9/2015: EUR 4.6 million) and was 5.3 per cent (5.8 per cent) of revenue. In July-September, EBIT from business operations declined and amounted to EUR 1.1 million (7-9/2015: EUR 1.4 million), or 4.9 per cent (5.4 per cent) of revenue. The profitability indicators were affected by the Embedded Systems competence area being transferred to the newly established Embedded Systems and IoT service area.

The Managed Services Index (MSI), which reflects the share of revenue represented by high value-added services, rose to 49 per cent (1-9/2015: 43 per cent). The utilization rate of engineering services was at a satisfactory level in January-September.

## Technical documentation

Technical documentation refers to product-related documentation, such as manuals and service instructions for the users of a product, as well as related content creation and distribution. Technical documentation services include the software business and SaaS services. For an industrial customer, technical documentation is typically a non-core operation that has a significant impact on the end customer's user experience and the efficiency of Etteplan's customer's maintenance service operations.

(EUR 1,000)	7-9/2016	7-9/2015	Change to prev. year	1-9/2016	1-9/2015	Change to prev. year	1-12/2015
Revenue	8,383	6,749	24.2 %	25,876	20,860	24.0 %	28,837
EBIT from business operations	569	627	-9.3 %	1,792	1,883	-4.8 %	2,714
EBIT from business operations, %	6.8	9.3		6.9	9.0		9.4
Managed Services index	71	64		70	62		64

The share of Etteplan's revenue represented by technical documentation was 19.8 per cent in January-September (1-9/2015: 20.7 per cent) and 20.0 per cent in July-September (7-9/2015: 21.2 per cent). The service area's revenue grew by 24.0 per cent in January-September, amounting to EUR 25.9 million (1-9/2015: EUR 20.9 million). In July-September, revenue grew by 24.2 per cent and was EUR 8.4 million (7-9/2015: EUR 6.7 million).

In technical documentation, EBIT from business operations declined in January-September and amounted to EUR 1.8 million (1-9/2015: EUR 1.9 million), or 6.9 per cent (9.0 per cent) of revenue. In July-September, EBIT from business operations declined and amounted to EUR 0.6 million (EUR 0.6 million), or 6.8 per cent (9.3 per cent) of revenue. The decline in EBIT from business operations was attributable to the slow start to business in Germany in the first half of the year, the low volume of the software business and license sales, and the weak demand situation of certain units' services.

In January-September, the increase in revenue from technical documentation was attributable to the continued trend of outsourcing, the arvato AG acquisition and Etteplan's market position, which was strengthened due to the company's unique service offering. New agreements on the outsourcing of technical documentation were signed at a steady rate in January-September. Metso Minerals Oy widened its cooperation with Etteplan and outsourced the technical documentation operations required in its spare parts manuals to Etteplan in September.

Etteplan's business in Germany developed favorably. The Company received a significant order from the German Federal Office of Civil Protection and Disaster Assistance (part of the Federal Ministry of Interior) in September to deliver measurement equipment and upgrade packages of the measurement system used in exploration vehicles to detect hazardous air particles. The deliveries will be due in 2017-2018.

In China, cooperation began with the engineering company ZPMC, to whom Etteplan will deliver technical documentation services.

The share of revenue represented by high value-added services (MSI) grew to 70 per cent (62 per cent) of revenue in January-September. The utilization rate of technical documentation services was at a satisfactory level in the third quarter.

## Embedded systems and IoT

Embedded systems and IoT refer to all product creation and technology solutions that enable the implementation of control systems for products or machines and digital connectivity as part of the Internet of Things (IoT). Etteplan's services cover product and software engineering, testing services and production testing systems and services, as well as the development of business systems, mobile applications and integrations for comprehensive IoT solutions.

(EUR 1,000)	7-9/2016	7-9/2015*	Change to prev. year	1-9/2016	1-9/2015*	Change 1-12/2015* to prev. year
Revenue	10,396			22,049		
EBIT from business operations	1,237			2,461		
EBIT from business operations, %	11.9			11.2		
Managed Services index	52			52		

\*Embedded systems and IOT was included in Engineering services in 2015 and Q1 2016.

*Etteplan acquired Espotel and Soikea Solutions in April 2016 and expanded its business operations in Embedded Systems and into the Internet of Things (IoT). Embedded Systems and IoT is Etteplan's third service area and the Company began reporting on it in the Half Year Financial Report for 2016. The acquired companies are included in Etteplan's figures starting from April 1, 2016.*

*The Embedded Systems competence area, which was previously part of the Engineering Services service area, was transferred to the newly established Embedded Systems and IoT service area in the second quarter of 2016. Etteplan's revenue from embedded systems was approximately EUR 11 million in 2015 and the competence area employed a total of approximately 130 people. The Embedded Systems competence area is included in the Engineering Services service area's comparison figures for 2015 and the first quarter of 2016.*

The share of Etteplan's revenue represented by Embedded systems and IoT was 16,8 per cent in January-September and 24.7 per cent in July-September. The service area's revenue was EUR 22.0 million in January-September and EUR 10.4 million in July-September.



In embedded systems and IoT, EBIT from business operations in January-September amounted to EUR 2.5 million, which was 11.2 per cent of revenue. In July-September, EBIT from business operations was EUR 1.2 million, or 11.9 per cent of revenue.

The service area's demand situation is very good. Etteplan's customers are investing in digitalization and intelligent devices, which presents significant growth opportunities for the Company. Several significant new deals for embedded systems were made in both Finland and Poland in the third quarter.

The integration into Etteplan of the business operations of the companies acquired in the second quarter moved ahead according to plan. Progress was made in systems integration and brand integration in the third quarter. Going forward, Espotel's services will be sold under the Etteplan brand.

The share of revenue represented by high value-added services (MSI) was 52 per cent in January-September. The utilization rate of the embedded systems and IoT service area was at a very good level in the third quarter.

## Events after the review period

In October, Etteplan and Outokumpu agreed on the outsourcing of the technical engineering and documentation services for Outokumpu's mill in Tornio to Etteplan. In addition to the outsourcing, Outokumpu's Tornio mill and Kemi mine will centralize their technical engineering services, technical documentation and information management service purchases with Etteplan. The outsourcing agreement will enter into force on November 1, 2016, and 22 of the Tornio mill's employees will transfer to Etteplan as existing employees. The outsourcing agreement is of strategic importance to Etteplan and it creates, together with its acquisition of Suomen Unit Oy at the beginning of the year, an excellent foundation to serve industrial companies and develop business operations in northern Finland.

## Governance

### Annual General Meeting

The Annual General Meeting of Shareholders of Etteplan Oyj (the "Company") was held on April 5, 2016, at the premises of the Company in Vantaa. In accordance with the proposal of the Nomination and Remuneration Committee of the Board of Directors, the Annual General Meeting re-elected Robert Ingman, Patrick von Essen, Matti Huttunen, Pertti Nupponen, Teuvo Rintamäki and Leena Saarinen as members of the Board of Directors.

The Annual General Meeting approved the financial statements and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2015.

PricewaterhouseCoopers Oy, Authorized Public Accountants, with Authorized Public Accountant Lauri Kallaskari as the main responsible auditor and Certified Auditor Olli Wesamaa were elected as the Company's auditors. The auditors' fees were resolved to be paid according to invoice approved by the Company.

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase of the Company's own shares in one or more tranches using the Company's unrestricted equity. A maximum of 2,000,000 shares in the Company may be repurchased. The Company may deviate from the obligation to repurchase shares in proportion to the shareholders' current holdings, i.e., the Board has the right to decide on a directed repurchase of the Company's own shares.

The authorization includes the right for the Board to resolve on the repurchase of the Company's own shares through a tender offer made to all shareholders on equal terms and conditions and at the price determined by the Board, or in public trading organized by the Nasdaq Helsinki Ltd at the market price valid at any given time, so that the Company's total holding of own shares does not exceed ten (10) per cent of all the shares in the Company. The minimum price for the shares to be repurchased is the lowest market price quoted for the shares in the Company in public trading and, correspondingly, the maximum price is the highest market price quoted for the shares in the Company in public trading during the validity of the authorization.

Should the shares in the Company be repurchased in public trading, such shares will not be purchased in proportion to the shareholders' current holdings. In that case there must be a weighty financial

reason for the Company to repurchase its own shares. The shares may be repurchased in order to be used as consideration in potential acquisitions or in other structural arrangements. The shares may as well be used for carrying out Company's incentive schemes for its personnel. The repurchased shares may be retained by the Company, invalidated or transferred further.

The repurchase of the Company's own shares will reduce the non-restricted equity of the Company.

The authorization is valid for 18 months from the date of the resolution of the Annual General Meeting starting on April 5, 2016 and ending on October 4, 2017. The authorization will replace the corresponding previous authorization.

The Annual General Meeting authorized the Board of Directors to resolve on the issuance of a maximum of 6,000,000 shares through issuance of shares, option rights or other special rights entitling to shares under Chapter 10, Section 1 of the Finnish Companies Act in one or more issues. The authorization includes a right to issue new shares or assign Company's own shares held by the Company.

The authorization includes a right to deviate from the existing shareholders' pre-emptive subscription right as set forth in Chapter 9, Section 3 of the Finnish Companies Act. Therefore, the Board of Directors has a right to direct the share issue, or issuance of the option rights or other special rights entitling to shares. The authorization includes also a right to determine on all the terms of share issue, option rights or other special rights entitling to shares. The authorization includes therefore a right to determine on share subscription prices, persons entitled to subscribe the shares and other terms and conditions applicable to the subscription. In order to deviate from the shareholders' pre-emptive subscription right, the Company must have a weighty financial reason such as financing of a company acquisition, other arrangement in connection with the development of the Company's business or equity or an incentive scheme to the personnel. In connection with the share issuance, the Board of Directors is entitled to decide that the shares may be subscribed against contribution in kind or otherwise under special terms and conditions. The authorization includes a right to determine whether the subscription price will be entered into the share capital or into the reserve of invested non-restricted equity.

The authorization is valid for two (2) years from the date of the resolution of the Annual General Meeting starting on April 5, 2016 and ending on April 4, 2018.

## Dividend

The Annual General Meeting on April 5, 2016 resolved, in accordance with the proposal of the Board of Directors, to pay a dividend of EUR 0.15 per share for the financial year 2015. The remaining funds shall be left to the unrestricted equity. The dividend was paid to the shareholders registered on the record date in the shareholders' register maintained by Euroclear Finland Ltd. The record date of the payment of dividend was April 7, 2016. The dividend was paid on April 14, 2016.

## Shares

Etteplan's shares are listed in Nasdaq Helsinki Ltd's Small Cap market capitalization group in the Industrials sector under the ETT1V ticker.

The Company's share capital on September 30, 2016 was EUR 5,000,000.00, and the total number of shares was 24,771,492. The Company has one series of shares. All shares confer an equal right to a dividend and the Company's funds.

At its meeting on June 21, 2016, Etteplan Oyj's Board of Directors decided to initiate a share repurchase program of own shares in accordance with the authorization given to it at the Annual General Meeting on April 5, 2016. The number of repurchased shares will not exceed 100,000 shares and the corresponding number of voting rights. Shares will be repurchased in public trading on Nasdaq Helsinki Ltd for the market price quoted at the time of the repurchase, as provided by the regulations on public trading of shares. The repurchased shares are used for carrying out the Company's incentive plan for its key personnel. The repurchased shares may be retained by the Company, invalidated or transferred further.

The Company held 196,996 of its own shares on September 30, 2016, which corresponds to 0.80 per cent of all shares and voting rights (September 30, 2015: 308,886). In January-September, the Company acquired a total of 94,078 of its own shares. In April 2016, the Company transferred a total of 221,365 treasury shares to the key private owners of Espotel Oy and Soikea Solutions Oy as a part of the acquisition of the total share capital of the two companies.

The number of Etteplan Oyj shares traded in January-September was 1,380,428 for a total value of EUR 6.68 million. The share price low was EUR 3.81, the high EUR 5.90, the average EUR 4.84 and the closing price EUR 5.60. Market capitalization on September 30, 2016 was EUR 137.62 million.

## Rights issue

Etteplan Oyj's Board of Directors decided on May 9, 2016, to issue a maximum of 4,105,933 new shares pursuant to the authorization granted by the Annual General Meeting held on May 4, 2016, in a share issue based on the existing shareholders' pre-emptive subscription right. All of the shares offered in the rights offering were subscribed for. The subscription price of the offered shares was EUR 3.50 per share, and Etteplan raised gross proceeds of approximately EUR 14.4 million through the offering. As a result of the offering, the total number of shares in Etteplan increased to 24,771,492 shares. The new shares were registered with the Finnish Trade Register and in Etteplan's shareholder register on June 9, 2016. The rights offering was the subject of stock exchange releases published on May 9, 2016, May 10, 2016, June 1, 2016, and June 8, 2016.

## Flaggings

Etteplan Oyj received no flagging notices in January-September 2016.

## Share-based incentive plans

The Board of Directors of Etteplan Oyj decided on February 12, 2014 on a share-based incentive plan for the Company's President and CEO. The Restricted Stock Plan includes one three-year vesting period. The potential reward of the Plan is bound to the validity of the CEO's service. The reward from the vesting period will be paid partly in the Company's shares and partly in cash in February 2017. The reward to be paid on the basis of the Restricted Stock Plan will amount up to a maximum total of 25,000 Etteplan Oyj shares. In addition, the Company will pay taxes and tax-related costs arising from the reward to the CEO.

The Board of Directors of Etteplan Oyj decided on June 3, 2014 to establish a share-based incentive plan for the Group key personnel. The Plan includes one earning period which includes the calendar years 2014-2016. The earnings criteria are Etteplan Group's revenue increase and the development of Total Shareholder Return (TSR). Approximately 15 people belong to the target group of the Plan. The rewards to be paid on the basis of the Plan will correspond to the value of an approximate maximum total of 450,000 Etteplan Oyj shares (including also the proportion to be paid in cash).

On April 20, 2016, the Nomination and Remuneration Committee of Etteplan's Board of Directors decided, upon the implementation of the share issue, to revise the share-based incentive systems directed at the President and CEO and Etteplan's key personnel. The number of shares paid under the systems will be increased by a factor of 1.05, which corresponds to the trading-weighted average of the closing prices of the Etteplan share between April 6 and May 6, 2016, divided by the share price inclusive of the TERP (Theoretical Ex-Rights Price) discount.

The shares to be paid out as potential rewards will be transferred from the shares held by the Company or shares acquired from the market.

## Operating risks and uncertainty factors

Etteplan's financial results are exposed to a number of strategic, operational and financial risks.

Etteplan's risk management review was published in the 2015 Annual Report.

## Operating risks and uncertainty factors in the review period

The uncertainty caused by the general economic development continued in January-September. There were clear country-specific differences in the demand for engineering services.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. In January-September, increased difficulties in recruiting professional staff in Sweden continued to present a business risk.

## Estimate of operating risks and uncertainty factors in the near future

The uncertainty caused by the general economic development continues to be a risk for Etteplan's business. The uncertainty in the global economy poses a risk to Etteplan's business. The possibility of changes in customers' business operations is a significant risk to Etteplan's operations.

The Company's operations are based on skilled staff. The availability of competent professionals is an important factor for ensuring profitable growth and operations. The availability of personnel in Sweden continues to present a business risk.

Risks related to business operations are still at a significant level, but they are not estimated to grow.

## Market outlook

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. We anticipate that the prevailing uncertainty in the world economy will slow new investments. The relatively good growth expectations for the European market in 2016 have weakened slightly due to increased economic uncertainty. In the Finnish market, the market situation is expected to remain weaker than in the rest of Europe. In Asia, the service market development is expected to continue.

## Previous estimate of market outlook

The most important factor in the development of Etteplan's business is the global development of the machinery and metal industry. The relatively good growth expectations for Europe in 2016 were weakened by the result of the Brexit vote in the United Kingdom. In the Finnish market, the market situation is expected to remain weaker than in the rest of Europe. In Asia, the service market development is expected to continue. We expect that the good market situation in North America will continue.

## Financial guidance March 15, 2016

We expect the revenue and operating profit for the full year 2016 to grow significantly compared to 2015.

Vantaa, October 27, 2016

Etteplan Oyj

Board of Directors

Additional information:

Juha Näkki, President and CEO, tel. +358 400 606 372

APPENDIX:

Financial Statement Summary and Notes

Consolidated Statement of Comprehensive Income

Consolidated Statement of Financial Position  
Consolidated Statement of Cash Flows  
Consolidated Statement of Changes in Equity  
Notes to the Financial Statement Summary

The information presented herein has not been audited.

Releases and other corporate information are available on Etteplan's website at [www.etteplan.com](http://www.etteplan.com).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<b>(EUR 1,000)</b>	<b>7-9/2016</b>	<b>7-9/2015</b>	<b>1-9/2016</b>	<b>1-9/2015</b>	<b>1-12/2015</b>
<b>Revenue</b>	<b>41,986</b>	<b>31,880</b>	<b>130,800</b>	<b>100,770</b>	<b>141,143</b>
Other operating income	64	50	367	221	309
Materials and services	-3,649	-1,836	-8,940	-5,928	-7,918
Staff costs	-28,851	-22,826	-93,441	-72,475	-101,452
Other operating expenses	-6,358	-4,825	-19,086	-14,365	-20,384
Depreciation and amortization	-1,325	-788	-3,586	-2,212	-3,104
<b>Operating profit (EBIT)</b>	<b>1,866</b>	<b>1,655</b>	<b>6,115</b>	<b>6,011</b>	<b>8,594</b>
Financial income	230	216	660	360	589
Financial expenses	-322	-258	-1,123	-772	-1,251
Profit before taxes	1,774	1,613	5,651	5,599	7,933
Income taxes	-318	-312	-960	-1,215	-1,744
<b>Profit for the financial year</b>	<b>1,456</b>	<b>1,301</b>	<b>4,691</b>	<b>4,384</b>	<b>6,189</b>
<b>Other comprehensive income, that may be subsequently reclassified to profit or loss</b>					
Foreign subsidiary net investment hedge	31	45	73	3	-41
Currency translation differences	-535	-598	-1,317	-23	650
Change in fair value of investments available-for-sale	1	-1	-7	27	43
Tax from items, that may be subsequently reclassified to profit or loss	-6	-9	-13	-6	0
Other comprehensive income, net of tax	-510	-563	-1,264	1	652
<b>Total comprehensive income for the year</b>	<b>946</b>	<b>738</b>	<b>3,427</b>	<b>4,385</b>	<b>6,841</b>
<b>Income attributable to</b>					
Equity holders of the parent company	1,388	1,240	4,555	4,356	6,122
Non-controlling interest	68	61	136	28	67
	1,456	1,301	4,691	4,384	6,189
<b>Total comprehensive income attributable to</b>					
Equity holders of the parent company	880	675	3,293	4,362	6,779
Non-controlling interest	67	63	134	24	62
	946	738	3,427	4,385	6,841
<b>Earnings per share calculated from the result attributable to equity holders of the parent company</b>					
Basic earnings per share, EUR	0.05	0.06 *	0.20	0.20 *	0.28 *
Diluted earnings per share, EUR	0.05	0.06 *	0.20	0.20 *	0.28 *

\*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR 1,000)	30.9.2016	30.9.2015	31.12.2015
<b>ASSETS</b>			
<b>Non-current assets</b>			
Tangible assets	2,753	2,248	2,179
Goodwill	57,364	42,247	42,734
Other intangible assets	18,728	9,554	9,418
Investments available-for-sale	680	670	687
Other non-current receivables	32	53	54
Deferred tax assets	332	161	161
<b>Non-current assets, total</b>	<b>79,889</b>	<b>54,933</b>	<b>55,232</b>
<b>Current assets</b>			
Inventory	316	0	0
Trade and other receivables	42,850	30,276	28,296
Current tax assets	187	10	177
Cash and cash equivalents	3,772	5,373	8,807
<b>Current assets, total</b>	<b>47,126</b>	<b>35,659</b>	<b>37,281</b>
<b>TOTAL ASSETS</b>	<b>127,015</b>	<b>90,592</b>	<b>92,513</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital attributable to equity holders of the parent company</b>			
Share capital	5,000	5,000	5,000
Share premium account	6,701	6,701	6,701
Unrestricted equity fund	18,524	4,406	4,406
Own shares	-223	-841	-949
Cumulative translation adjustment	-2,171	-1,502	-863
Other reserves	220	212	225
Retained earnings	17,107	13,980	13,980
Profit for the financial year	4,555	4,356	6,122
<b>Capital attributable to equity holders of the parent company, total</b>	<b>49,713</b>	<b>32,312</b>	<b>34,621</b>
Non-controlling interest	131	-41	-3
<b>Equity, total</b>	<b>49,843</b>	<b>32,271</b>	<b>34,618</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	3,314	1,722	1,754
Financial liabilities	26,069	12,473	8,296
Other non-current liabilities	803	85	92
<b>Non-current liabilities, total</b>	<b>30,186</b>	<b>14,280</b>	<b>10,142</b>
<b>Current liabilities</b>			
Financial liabilities	15,822	14,262	14,925
Trade and other payables	30,263	28,979	31,901
Current income tax liabilities	900	800	927
<b>Current liabilities, total</b>	<b>46,986</b>	<b>44,041</b>	<b>47,753</b>
<b>Liabilities, total</b>	<b>77,172</b>	<b>58,321</b>	<b>57,895</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>127,015</b>	<b>90,592</b>	<b>92,513</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(EUR 1,000)	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
<b>Operating cash flow</b>					
Cash receipts from customers	41,534	30,387	126,864	98,352	138,557
Operating expenses paid	-44,608	-31,708	-128,640	-95,259	-126,897
Operating cash flow before financial items and taxes	-3,074	-1,320	-1,776	3,093	11,659
Interest and payment paid for financial expenses	-113	-104	-594	-429	-636
Interest received	23	11	35	35	40
Income taxes paid	-476	-304	-1,838	-583	-1,131
<b>Operating cash flow (A)</b>	<b>-3,640</b>	<b>-1,717</b>	<b>-4,174</b>	<b>2,115</b>	<b>9,932</b>
<b>Investing cash flow</b>					
Purchase of tangible and intangible assets	-417	-400	-1,313	-1,281	-1,621
Acquisition of subsidiaries	-1,000	-1,467	-22,262	-1,907	-1,907
Proceeds from contingent asset	0	0	215	0	0
Proceeds from sale of tangible and intangible assets	6	0	23	0	1
Proceeds from sale of investments	0	0	0	1	1
Loan receivables, decrease	30	0	35	0	1
<b>Investing cash flow (B)</b>	<b>-1,372</b>	<b>-1,868</b>	<b>-23,291</b>	<b>-3,188</b>	<b>-3,526</b>
<b>Cash flow after investments (A+B)</b>	<b>-5,012</b>	<b>-3,584</b>	<b>-27,465</b>	<b>-1,073</b>	<b>6,406</b>
<b>Financing cash flow</b>					
Share issue net of cost	-17	0	13,937	0	0
Purchase of own shares	-309	0	-472	0	-75
Short-term loans, increase	4,815	1,156	15,335	4,835	2,567
Short-term loans, decrease	-1,403	-656	-18,540	-7,327	-8,687
Long-term loans, increase	0	4,993	20,601	10,000	10,000
Long-term loans, decrease	-9	0	-4,558	0	0
Payment of finance lease liabilities	-298	-248	-882	-711	-985
Dividend paid and other profit distribution	0	0	-3,046	-2,981	-2,981
<b>Financing cash flow (C)</b>	<b>2,780</b>	<b>5,245</b>	<b>22,375</b>	<b>3,816</b>	<b>-160</b>
<b>Variation in cash (A+B+C) increase (+) / decrease (-)</b>	<b>-2,232</b>	<b>1,660</b>	<b>-5,090</b>	<b>2,744</b>	<b>6,246</b>
Assets at the beginning of the period	5,948	3,663	8,807	2,575	2,575
Exchange gains or losses on cash and cash equivalents	56	50	55	55	-14
Assets at the end of the period	3,772	5,373	3,772	5,373	8,807

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Legends for table columns

A) Share Capital	F) Cumulative Translation Adjustment
B) Share Premium Account	G) Retained Earnings
C) Unrestricted Equity Fund	H) Total
D) Other Reserves	I) Non-controlling Interest
E) Own Shares	J) Equity total

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Equity Jan 1, 2015</b>	<b>5,000</b>	<b>6,701</b>	<b>2,364</b>	<b>177</b>	<b>-912</b>	<b>-1,472</b>	<b>16,960</b>	<b>28,818</b>	<b>-65</b>	<b>28,753</b>
<b>Comprehensive income</b>										
Profit for the financial year	0	0	0	0	0	0	6,122	6,122	67	6,189
Fair value reserve available-for-sale assets	0	0	0	35	0	0	0	35	0	35
Foreign subsidiary net investment hedge	0	0	0	0	0	-33	0	-33	0	-33
Cumulative translation adjustment	0	0	0	0	0	655	0	655	-5	650
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>0</b>	<b>622</b>	<b>6,122</b>	<b>6,779</b>	<b>62</b>	<b>6,841</b>
<b>Transactions with owners</b>										
Dividends	0	0	0	0	0	0	-2,981	-2,981	0	-2,981
Directed share issue	0	0	2,042	0	0	0	0	2,042	0	2,042
Purchase of own shares	0	0	0	0	-75	0	0	-75	0	-75
Reclassifications	0	0	0	14	0	-14	0	0	0	0
Share-based incentive plan	0	0	0	0	38	0	0	38	0	38
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>2,042</b>	<b>14</b>	<b>-37</b>	<b>-14</b>	<b>-2,981</b>	<b>-976</b>	<b>0</b>	<b>-976</b>
<b>Equity Dec 31, 2015</b>	<b>5,000</b>	<b>6,701</b>	<b>4,406</b>	<b>225</b>	<b>-949</b>	<b>-863</b>	<b>20,101</b>	<b>34,621</b>	<b>-3</b>	<b>34,618</b>

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Equity Jan 1, 2016</b>	<b>5,000</b>	<b>6,701</b>	<b>4,406</b>	<b>225</b>	<b>-949</b>	<b>-863</b>	<b>20,101</b>	<b>34,621</b>	<b>-3</b>	<b>34,618</b>
<b>Comprehensive income</b>										
Profit for the financial year	0	0	0	0	0	0	4,555	4,555	136	4,691
Fair value reserve available-for-sale assets	0	0	0	-5	0	0	0	-5	0	-5
Foreign subsidiary net investment hedge	0	0	0	0	0	59	0	59	0	59
Cumulative translation adjustment	0	0	0	0	0	-1,366	51	-1,315	-2	-1,317
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>0</b>	<b>-1,308</b>	<b>4,606</b>	<b>3,293</b>	<b>134</b>	<b>3,427</b>
<b>Transactions with owners</b>										
Dividends	0	0	0	0	0	0	-3,046	-3,046	0	-3,046
Share issue net of cost	0	0	13,937	0	0	0	0	13,937	0	13,937
Directed share issue	0	0	181	0	928	0	0	1,109	0	1,109
Purchase of own shares	0	0	0	0	-472	0	0	-472	0	-472
Share-based incentive plan	0	0	0	0	270	0	0	270	0	270
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>14,118</b>	<b>0</b>	<b>726</b>	<b>0</b>	<b>-3,046</b>	<b>11,799</b>	<b>0</b>	<b>11,799</b>
<b>Equity Sep 30, 2016</b>	<b>5,000</b>	<b>6,701</b>	<b>18,524</b>	<b>220</b>	<b>-223</b>	<b>-2,171</b>	<b>21,661</b>	<b>49,713</b>	<b>131</b>	<b>49,843</b>

(EUR 1,000)	A	B	C	D	E	F	G	H	I	J
<b>Equity Jan 1, 2015</b>	<b>5,000</b>	<b>6,701</b>	<b>2,364</b>	<b>177</b>	<b>-912</b>	<b>-1,472</b>	<b>16,960</b>	<b>28,818</b>	<b>-65</b>	<b>28,753</b>
<b>Comprehensive income</b>										
Profit for the financial year	0	0	0	0	0	0	4,356	4,356	28	4,384
Fair value reserve available-for-sale assets	0	0	0	22	0	0	0	22	0	22
Foreign subsidiary net investment hedge	0	0	0	0	0	2	0	2	0	2
Cumulative translation adjustment	0	0	0	0	0	-19	0	-19	-4	-23
<b>Total comprehensive income for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22</b>	<b>0</b>	<b>-17</b>	<b>4,356</b>	<b>4,361</b>	<b>24</b>	<b>4,385</b>
<b>Transactions with owners</b>										
Dividends	0	0	0	0	0	0	-2,981	-2,981	0	-2,981
Directed share issue	0	0	2,042	0	0	0	0	2,042	0	2,042
Reclassifications	0	0	0	14	0	-14	0	0	0	0
Share-based incentive plan	0	0	0	0	71	0	0	71	0	71
<b>Transactions with owners, total</b>	<b>0</b>	<b>0</b>	<b>2,042</b>	<b>14</b>	<b>71</b>	<b>-14</b>	<b>-2,981</b>	<b>-868</b>	<b>0</b>	<b>-868</b>
<b>Equity Sep 30, 2015</b>	<b>5,000</b>	<b>6,701</b>	<b>4,406</b>	<b>211</b>	<b>-841</b>	<b>-1,502</b>	<b>18,336</b>	<b>32,312</b>	<b>-41</b>	<b>32,270</b>

## NOTES TO THE FINANCIAL STATEMENT SUMMARY

### General

The parent company of Etteplan Group is Etteplan Oyj (the Company), a Finnish public limited company established under Finnish law. The Company is domiciled in Vantaa.

Etteplan's services cover engineering, technical documentation, embedded systems and IoT solutions. Our customers are the world's leading companies in the manufacturing industry. Our services are geared to improve the competitiveness of our customers' products and engineering processes throughout the product life cycle. The results of Etteplan's innovative engineering can be seen in numerous industrial solutions and everyday products.

In 2015, Etteplan had turnover of EUR 141.1 million. The company has about 2,500 professionals in Finland, Sweden, the Netherlands, Germany, Poland and China. Etteplan's shares are listed on Nasdaq Helsinki Ltd under the ETT1V ticker.

The Etteplan Oyj Board of Directors has approved this interim report for publication at its meeting of October 27, 2016.

### Basis for preparation

The interim report has not been prepared in accordance with all of the requirements in IAS 34 (Interim Financial Reporting) standard (condensed notes). The accounting policies presented in the 2015 annual financial statements have been followed in the preparation of the interim report with the exception of changes in standards and interpretations in effect in 2016, which concern the Group. These changes did not have material effect on the interim report.

The annual financial statements 2015 are available at <http://www.etteplan.com/investors/annual-and-interim-reports/2016.aspx> with the accounting policies detailed on pages 58-66. Formulas for the key figures are detailed at the end of this interim report.

Monetary figures in the interim report are presented in thousands of euros. All figures in the tables have been rounded up or down, due to which the sums of figures may deviate from the sum totals presented.

### Use of estimates

This interim report includes forward-looking estimates and assumptions. Accordingly, outcomes may deviate from these estimates, which are based on the management's best knowledge at the time of interim report.

### Income taxes

The taxes listed in the consolidated income statement have been calculated with the tax rate appropriate for the projected full-year result. The estimated average effective tax rate for the year has been set separately for each relevant country. Taxes in the income statement amounted to 17.0 per cent (1-9/2015: 21.7 per cent) calculated of the result before taxes.

### Risks

Etteplan's financial results are exposed to a number of strategic, operational and financial risks. A description of risks can be found in Etteplan's annual report 2015 on pages 20-25. A detailed financial risk analysis can be found in Etteplan's annual report 2015 on pages 66-70.

## KEY FIGURES

(EUR 1,000)	1-9/2016	1-9/2015	1-12/2015	Change to prev. year
Revenue	130,800	100,770	141,143	29.8 %
EBIT from business operations	7,514	6,656	9,540	12.9 %
EBIT from business operations, %	5.7	6.6	6.8	
Operating profit (EBIT)	6,115	6,011	8,594	1.7 %
EBIT, %	4.7	6.0	6.1	
Profit before taxes	5,651	5,599	7,933	0.9 %
Profit before taxes, %	4.3	5.6	5.6	
Return on equity, %	14.8	19.2	19.5	
ROCE, %	12.1	15.9	17.4	
Equity ratio, %	39.7	37.0	37.8	
Gross interest-bearing debt	41,892	26,735	23,222	56.7 %
Net gearing, %	76.5	66.2	41.6	
Balance sheet, total	127,015	90,592	92,513	40.2 %
Gross investments	28,590	9,290	9,867	207.7 %
Operating cash flow	-4,174	2,115	9,932	-297.3 %
Basic earnings per share, EUR	0.20	0.20 *	0.28 *	0.0 %
Diluted earnings per share, EUR	0.20	0.20 *	0.28 *	0.0 %
Equity per share, EUR	2.02	1.62	1.73	24.7 %
Personnel, average	2,363	1,903	1,948	24.2 %
Personnel at end of the period	2,508	2,078	2,074	20.7 %

\*Comparison periods' earnings per share have been issue adjusted. The rights issue factor was 1.050.

## REVENUE AND OPERATING PROFIT (EBIT) QUARTERLY

(EUR 1,000)	1-3/2016	1-3/2015	4-6/2016	4-6/2015	7-9/2016	7-9/2015
Revenue	38,603	34,650	50,211	34,240	41,986	31,880
Operating profit (EBIT)	1,896	2,051	2,352	2,305	1,866	1,655
EBIT, %	4.9	5.9	4.7	6.7	4.4	5.2

## EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature, or that are non-recurring are considered as exceptional items and are presented within the line items to which they best relate. The lines in which they are included in the income statement are specified in the table below:

(EUR 1,000)	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Other operating income	0	0	215	0	0
Staff costs and other operating expenses	-317	-273	-1,705	-567	-1,007
<b>Operating profit (EBIT)</b>	<b>-317</b>	<b>-273</b>	<b>-1,491</b>	<b>-567</b>	<b>-1,007</b>
Financial expenses	0	0	0	-6	-6
<b>Profit for the financial year</b>	<b>-317</b>	<b>-273</b>	<b>-1,491</b>	<b>-573</b>	<b>-1,014</b>

## RECONCILIATION OF EBIT FROM BUSINESS OPERATIONS

(EUR 1,000)	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
<b>EBIT</b>	1,866	1,655	6,115	6,011	8,594
Amortization on PPA allocations	558	239	1,400	645	946
earn-out revaluation items	0	0	0	0	0
<b>EBIT from business operations</b>	<b>2,425</b>	<b>1,894</b>	<b>7,514</b>	<b>6,656</b>	<b>9,540</b>

## FORMULAS FOR KEY FIGURES

### Organic growth

$$\frac{(\text{Revenue current period} - \text{revenue comparison period} - \text{revenue from acquiree current period}) \times 100}{\text{Revenue comparison period}}$$

### EBIT from business operations

$$\text{Operating profit (EBIT)} + \text{amortization on PPA allocations} - \text{earn out revaluation items}$$

### Return on equity (ROE)

$$\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes}) \times 100}{(\text{Shareholders' equity} + \text{minority interest}) \text{ average}}$$

### Return on capital employed (ROCE), before taxes

$$\frac{(\text{Profit before taxes and non-controlling interest} + \text{interest and other financial expenses}) \times 100}{(\text{Balance sheet total} - \text{non-interest bearing debts}) \text{ average}}$$

### Equity ratio, %

$$\frac{(\text{Shareholders' equity} + \text{non-controlling interest}) \times 100}{\text{Balance sheet total} - \text{advances received}}$$

### Net gearing, %

$$\frac{(\text{Interest-bearing debts} - \text{cash and cash equivalents and marketable securities}) \times 100}{\text{Shareholders' equity} + \text{non-controlling interest}}$$

### Earnings per share

$$\frac{(\text{Profit before taxes and non-controlling interest} - \text{taxes} - \text{non-controlling interest})}{\text{Adjusted average number of shares during the financial year}}$$

### Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at the end of the financial year}}$$