

Digia Plc  
Stock Exchange Release  
28 April 2017 at 8:00 am

## Digia Plc business review January–March 2017

**Net sales rose by 5 per cent in the first quarter. Aiming to accelerate growth.**

### **JANUARY-MARCH**

- Net sales EUR 22.5 (21.4) million, increase 5.1%
- Net sales of the service and maintenance business EUR 11.6 (12.1) million, or 51.5 (56.5) % of net sales
- Operating result EUR 0.1 (0.9) million, 0.3 (4.4) % of net sales
- Earnings per share EUR 0.00 (0.03)
- Digia's guidance for 2017 remains unchanged: Digia's net sales growth is expected to accelerate in 2017 (2016: net sales up 6.8%). Operating profit in 2017 is estimated to remain on a par with the previous year.

Unless otherwise stated, the comparison figures provided in parentheses always refer to the corresponding period of the previous year.

### **DIGIA'S PRESIDENT & CEO TIMO LEVORANTA COMMENTS ON THE FIRST QUARTER OF 2017**

“Digia's net sales for the first quarter of 2017 totalled EUR 22.5 (21.4) million, representing growth of 5.1 per cent on the previous year. This growth was supported by good trends in the Integration and Information Management service area. Digia's profound expertise in integration is a critical element in harnessing digitalisation and digital services. This is one of our strengths, and demand was good in this area. In Digital Services, favourable trends were seen in sales of e-commerce solutions. The launch of the National Income Register project also contributed to Digia's net sales growth. Net sales growth was slowed down by, in particular, the postponement of several customer deliveries and certain fixed-price projects that lasted longer than expected.

The net sales of the service and maintenance business totalled EUR 11.6 (12.1) million, or 51.5 (56.5) per cent of net sales.

The net sales of the product business amounted to EUR 5.8 (6.6) million, or 25.9 (30.9) per cent of net sales. Our product business includes licence maintenance.

Digia's operating result was EUR 0.1 (0.9) million and its operating margin (EBIT %) stood at 0.3 (4.4) per cent. The operating result fell due to a number of challenging delivery projects that were not completed to the expected schedule, and also as a result of investments in growth and recruitment that are yet to be reflected in net sales.

In order to realise our growth strategy, we are continuing to recruit professionals, particularly in the Industry Solutions and Digital Services business areas. The number of Digia employees totalled 912 at the end of March 2017, showing an increase of 40 employees or 4.6 per cent since the end of 2016. During 2017, Digia will continue to make investments in developing its competence structure to match the market situation.

I expect the favourable trends seen in the market in 2016 to continue in 2017. Our customers' growing need to respond to the changes arising from digital transformation will boost demand for Digia's solutions and services. On the other hand, it is hard to predict when customers will make their decisions and when major customer projects will be approved.

Our goal is to strengthen the company's position, particularly in the growing markets for digital services, process digitalisation and the service business. Our key objective for 2017 is to accelerate our net sales growth.”

## OUTLOOK FOR 2017

Digia's guidance for 2017 remains unchanged: Digia's net sales growth is expected to accelerate in 2017 (2016: net sales up 6.8%). Operating profit in 2017 is estimated to remain on a par with the previous year.

## KEY FIGURES

EUR 1,000	1-3/2017	1-3/2016	Change %	2016
Net sales	22,516	21,432	5.1%	86,463
Operating result	66	936	-92.9%	5,419
- as a % of net sales	0.3%	4.4%		6.3%
Result for the period	-88	695	-112.7%	4,064
- as a % of net sales	-0.4%	3.2%		5.2%
Return on equity, %	-1.1%	8.8%		11.0%
Return on investment, %	0.5%	9.3%		11.0%
Interest-bearing liabilities	13,887	12,275	13.1%	13,686
Cash and cash equivalents	2,140	3,150	-32.0%	1,994
Net gearing, %	37.8%	29.3%		35.6%
Equity ratio, %	48.2%	58.9%		49.8%
Employees, end of period	912	768	18.8%	872
Employees, average	896	768	16.7%	810
Total shareholders' equity	31,114	31,108	0.0%	32,814
Balance sheet total	65,664	59,819	9.8%	66,390

## EVENTS AFTER THE REVIEW PERIOD

Digia Plc and Omni Partners Oy have signed an agreement by which Digia Plc will acquire the entire share capital of Omni Partners Oy and, at the same time, Omni Partners' wholly owned subsidiary Oy Nord Software Ltd. This strategic acquisition will bolster Digia's position in the digital services market. The company announced the transaction in a press release earlier today. The acquisition will strengthen Digia's position in the design and development of customised open source e-services. Digia will continue to support its growth strategy with targeted acquisitions. To enable this, the Board of Directors has begun planning a rights issue and made an agreement on external financing. These growth-related structural reorganisations may have a non-recurring impact on the company's profitability.

## BRIEFING INVITATION

Digia will hold a briefing for analysts on Friday 28 April 2017 at 11 am, in the Freda cabinet at Hotel Scandic Simonkenttä, Simonkatu 9, 00100 Helsinki, Finland. Welcome.

The material and presentation for the event will be available from 11 am on 28 April 2017 in the Investors section of the company's website: [www.digia.com/en/investors/reports-and-presentations](http://www.digia.com/en/investors/reports-and-presentations).

## FURTHER INFORMATION

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Digia is a profitably growing IT service company that helps its customers harness digital opportunities. As a visionary partner, Digia develops and innovates solutions that support business operations together with its customers. We adapt our expertise to their specific industries to help them develop digital services, manage operations and utilise information. We operate in Finland and Sweden with our team of over 900 experts. We are expanding our international presence together with our customers. Digia's net sales in 2016 (continuing operations) totalled EUR 86.5 million. The company is listed on Nasdaq Helsinki (DIGIA). [www.digia.com](http://www.digia.com)