

The logo for digia, featuring the word "digia" in a white, lowercase, sans-serif font centered on a dark red background.

Interim Report 1-3/2013

Juha Varelius, CEO

30 April 2013

SUMMARY FOR 1-3/2013

- ▶ Closure of contract engineering business in the end of 2012 continued to affect the net sales
 - ▶ Consolidated net sales EUR 23.5 (26.1) million

- ▶ Operating profit slightly negative
 - ▶ Profit EUR -0.5 (1.4) million
 - ▶ Cost structure compared to incurred turnover too heavy due to increased personnel costs arising from Qt-deal, situation will improve as the turnover increases

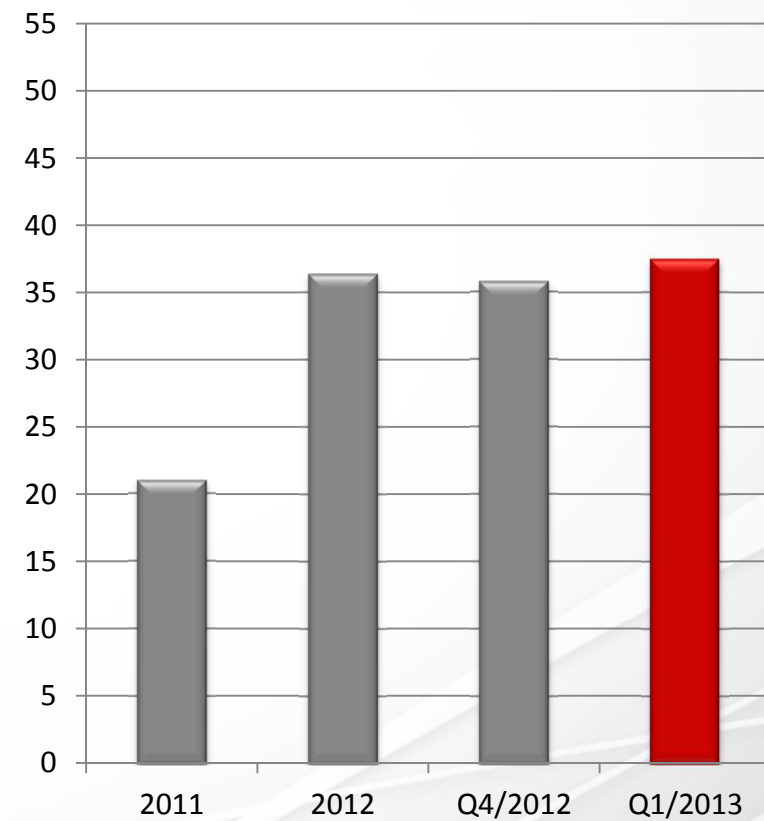
- ▶ Profitability (EBIT %) -2.0 (5.4) per cent

- ▶ Earnings per share EUR -0.02 (0.04)

SUMMARY 1-3/2013

- ▶ Product business grew significantly
 - ▶ Product business accounted for EUR 8.8 (7.0) million and 37.5 (27.0) per cent, up 25.7 per cent

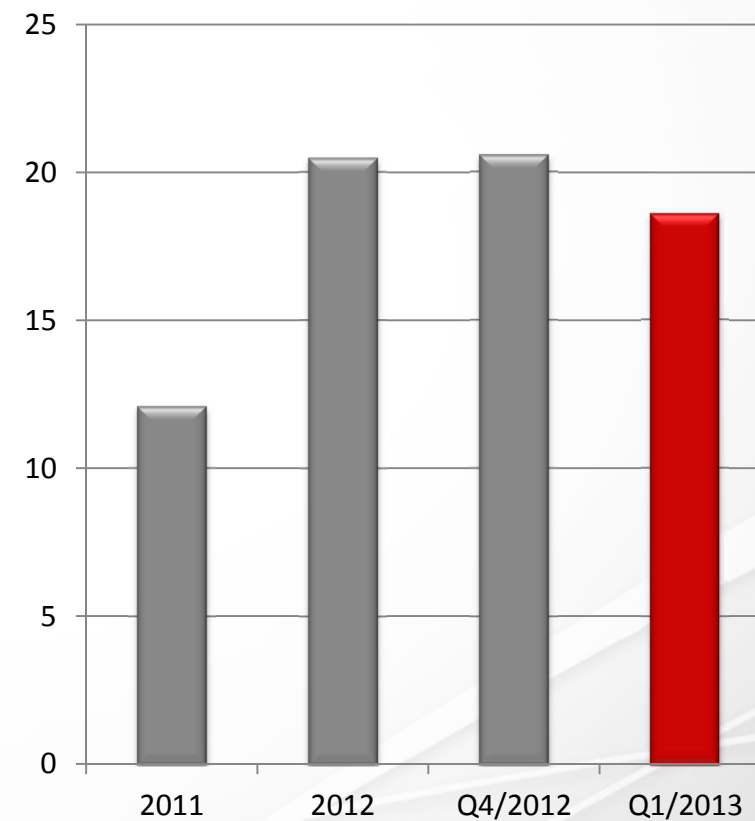
	Q3/ 2012	Q4/ 2012	2012	2011
Digia Group	37.5%	35.8%	36.4%	21.0%



SUMMARY 1-3/2013

- ▶ International business decreased due to lower non-Qt work sales
 - ▶ International business accounted for EUR 4.4 (5.2) million and 18.6 (19.9) per cent, down 15.4 per cent

	Q1/ 2013	Q4/ 2012	2012	2011
Digia Group	18.6%	20.6%	20.5%	12.1%



MARKETS AND DIGIA'S BUSINESS

- ▶ IT-service demand relatively steady, economic threats can to some extent been seen as postponed projects and price consciousness from customers especially in the customer solutions business
- ▶ Demand for ERP and other operative systems as well as integration services in the reporting period was reasonable, although customers are still increasingly cautious and sales cycles are long
- ▶ The integration business developed favorably and even exceeded expectations thanks to new customer relationships and existing key accounts
- ▶ Russian and Chinese units will be directed towards local customers; in China the focus is in Qt-business

QT BUSINESS

- ▶ Qt business was relatively successful during the reporting period, with net sales growing compared to the same period last year
- ▶ Demand and bid volumes were both good
- ▶ The development of new business opportunities in the large global customers was favorable, although lengthened decision-making has slowed down growth also in this area
- ▶ During the period, the company continued fulfilling previously reported plans related to Qt product development and areas of focus
- ▶ New Qt releases have been well received in the market
- ▶ As expected, the profitability of Qt business was weak in the reporting period due to the increased cost structure following the Qt deal. Situation will improve as the turnover increases as the costs will not increase in the same pace as the additional turnover

OUTLOOK

- ▶ Company expects the IT market to remain at roughly the previous year's level in 2013
- ▶ Company is focusing heavily on paving the way for growth. Besides organic growth, the company will actively pursue opportunities to make carefully considered business acquisitions that support its strategy
- ▶ Company expects demand for its ERP systems, operational systems and integration services to remain good, although increased caution on the customer side and lengthening sales cycles may have an effect on future order intake
- ▶ Company expects net sales from the Qt business to continue growing, leading to an improvement in operational profitability
- ▶ Consolidated net sales are expected to grow compared to the first quarter and operational profitability is expected to return to a reasonable level during the second quarter of the year
- ▶ In the second half of the year the company expects its profitability to continue improving to a good level

digia

www.digia.com