

digia

INTERIM REPORT 1-6/2013
13.8.2013

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CEO

REPORTING PERIOD SUMMARY



SUMMARY FOR 1-6/2013

- Turnover increased slightly
- Turnover **EUR 51.5 (50.6)** million, up **1.9** per cent
- Comparison year 2012 contains **EUR 3.4 million** of turnover from contract engineer services, which the company no longer hasn't had during the reporting period

- Operating profit decreased
- Profit **EUR 1.5** (EUR 2.7 before one-off items 1-6/2012) million
- Decrease due to increased personnel costs arising from Qt deal, situation improved towards the end of the reporting period

- Profitability (EBIT%) **2.8** (5.3 before one-off items 1-6/2012) per cent

- Earnings per share **EUR 0.02 (0.08)**

Q2 SUMMARY

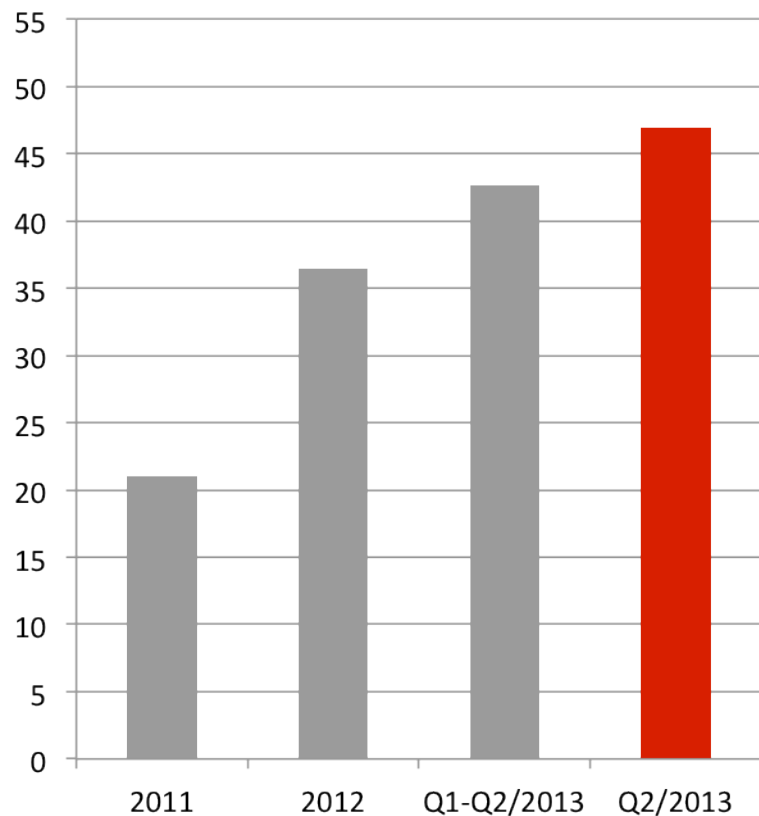
- Turnover grew significantly
- Turnover **EUR 28.0 (24.5)** million, up **14.4** per cent
- Growth in particular due to grown Qt turnover and a single **EUR 2.4** million low margin third party software maintenance transaction

- Operating profit grew significantly
- Operating profit **EUR 1.9** million (1.3 before one-off items Q2/2012), up 53.8 per cent

- Profitability (EBIT%) **6.9** (5.1 before one-off items Q2/2012) per cent
- Profitability would be even better without the single EUR 2.4 million low margin third party software maintenance transaction

- Earnings per share EUR **0.04** (0.04 before one-off items Q2/2012)

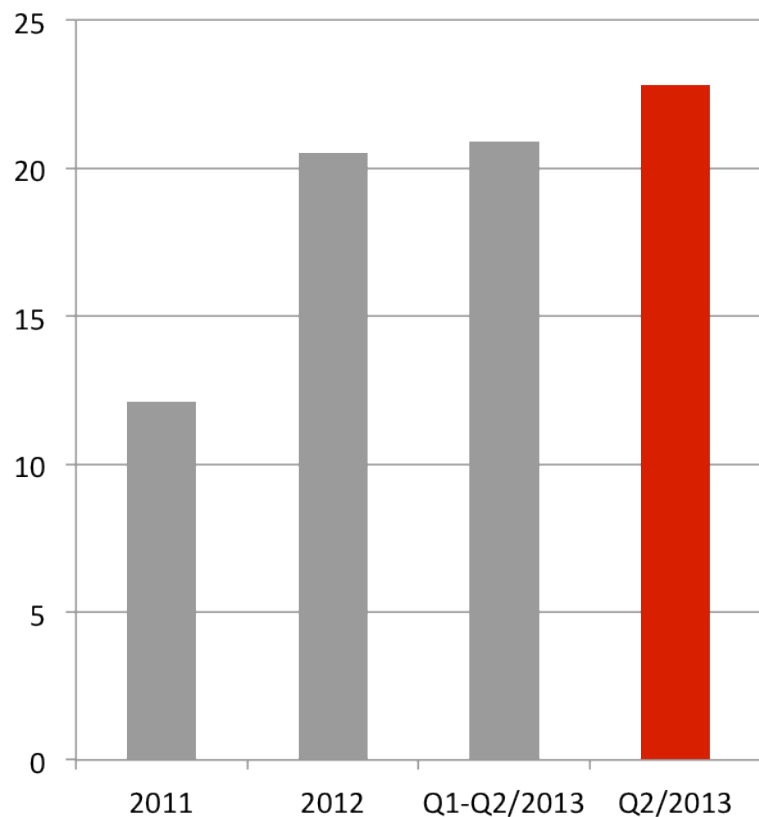
PRODUCT BUSINESS GREW SIGNIFICANTLY



	Q2/ 2013	Q1-Q2/ 2013	2012	2011
Digia Group	46.9%	42.6%	36.4%	21.0%

Product business accounted for **EUR 21.9 (15.1)** million, up **45.0** per cent

INTERNATIONAL BUSINESS GREW



	Q2/ 2013	Q1-Q2/ 2013	2012	2011
Digia Group	22.8%	20.9%	20.5%	12.1%

International business accounted for **EUR 10.8 (10.6)** million, up **1.9** per cent



MARKETS AND OUTLOOK

MARKETS AND DIGIA'S BUSINESS

- IT-service demand relatively steady, economic threats can to some extent been seen as postponed projects and customer price consciousness especially in the customer specific solutions business
- Demand for ERP and other operative systems as well as integration services in the reporting period was good, although with industry specific differences. Buying behaviour is still cautious and the sales cycles are long
- The integration business developed favourably 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

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 will cause uncertainty



OUTLOOK

- Company estimates the year 2013 turnover to be at last years level or to slightly rise from it
- Company estimates its profitability to continue improving towards the end of the fiscal year



A black and white photograph of a man with a beard, wearing a white t-shirt, sitting at a desk and working on a laptop. He is looking down at a document or the laptop screen. In the foreground, there is a tall, clear glass filled with water. The background is slightly blurred, showing a bookshelf.

Qt BUSINESS OVERVIEW



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Qt BUSINESS

- Qt business progressed well during the review period
- Turnover increased and accounted for **EUR 9.7 (7.0) million**, up **38.6 per cent**
- Several significant large account contracts were signed during first half of the year
- Largest single contract was **EUR 3.0 million** with duration of five years, turnover effect for reporting period **EUR 1.3 million**
- Sales particularly good in US, Germany and China, whose sales organisation has been strengthened
- As expected, profitability weak particularly during early of the reporting period, due to increased cost structure following the Qt acquisition made on Q3/2012. However, profitability improved during the reporting period and was already at a very good level on Q2/2013
- Significant investments to strategic business development
- The announced Qt version 5.1 enables application development for popular Android and iOS operating systems – new versions have been well received



OUTLOOK

- Company expects the Qt business to continue to grow and the operational profitability to stay good
- However, turnover increase will in H2 be slower than in H1 due to the exceptional single license sale related to the Qt acquisition in Q3/2012
- Increase in demand in the major customer markets is expected to continue, however, contract turnaround times are very long, typically around 6–18 months
- Significant fluctuation in quarterly net sales and profitability probable, single contracts having great effects
- Investments in Qt business and technology development will continue
- Efforts to be made to build up sales network, particularly in Asia
- Plans to release new products supporting the Qt business during H2



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