

Martela Interim Report 1-12/2016

3.2.2017

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JANUARY-DECEMBER 2016 SUMMARY

- Fourth quarter revenue decreased by 8.6 per cent on the previous year.
- Revenue for January–December decreased by 2.8 per cent compared to previous year especially due to withdrawal from own sales activities in Poland. Strong growth was recorded in Sweden activities
- The Group’s comparable fourth quarter operating result was EUR 2.2 million (2.1) in the fourth quarter and EUR 6.9 million (4.1) totally for the year 2016.
- The Group’s fourth quarter IFRS operating result was EUR 2.1 million (2.1) in the fourth quarter and EUR 6.2 million (4.1) totally for the year 2016.
- Cash flow from operating activities in January–December was EUR 11.7 million (3.9). Cash flow was increased by improved EBITDA and decreased inventories.
- The discontinuation of Martela’s own sales operations in Poland and Russia, announced in June, has been completed according to plan. The closure of the Bodafors plant and logistics center, which was announced earlier, has also been completed.
- The largest single investment during the review period was the ”New Business Platform” of 2.2 million euro, which is to the highest extent related to the needed IT-renewals for the implementation of Martela Lifecycle-strategy. The investment gives us an agile platform to develop our business according to the Lifecycle strategy.



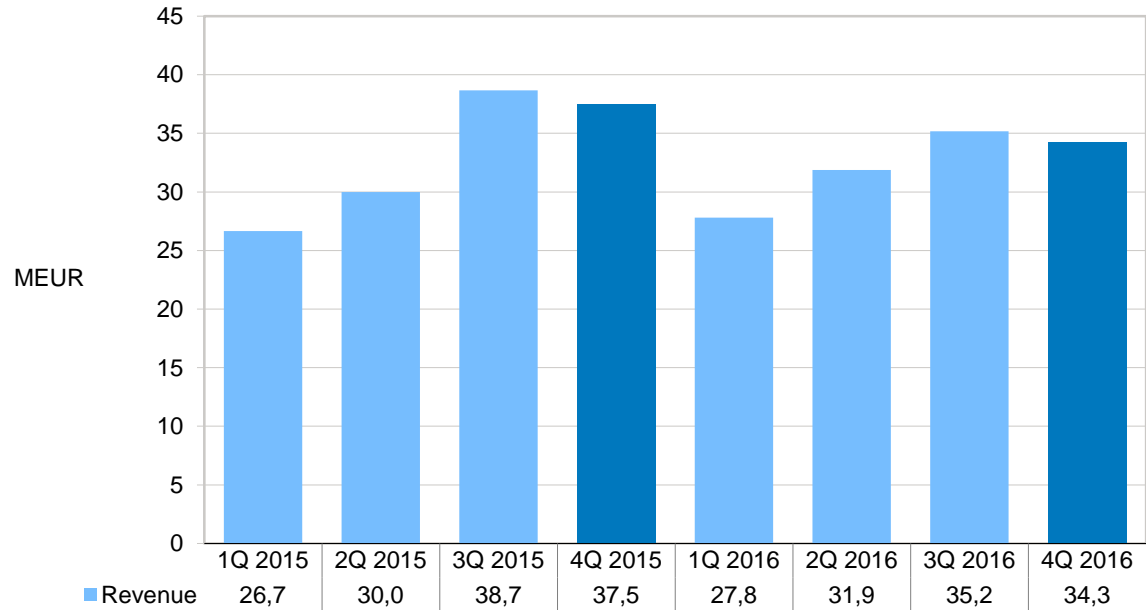
JANUARY– DECEMBER 2016 REVENUE

January-December revenue remained on the previous year's level

January-December revenue was EUR 129.1 million (132,8)

- Finland and Sweden: Revenue improved by 2,5 %, Finnish revenue was on the previous year's level while in Sweden the corresponding figure improved year-on-year.
- International: Revenue declined by 32,7 %, In Poland and Norway revenue declined while in Russia and other international operations it grew.
- The market situation in the fourth quarter was similar to that of the first part of the year. Martela has withdrawn of own sales operations in Poland and Russia during the second half of the year.
- Due to the project-based nature of the sector, forecasting short-term developments is challenging.

REVENUE



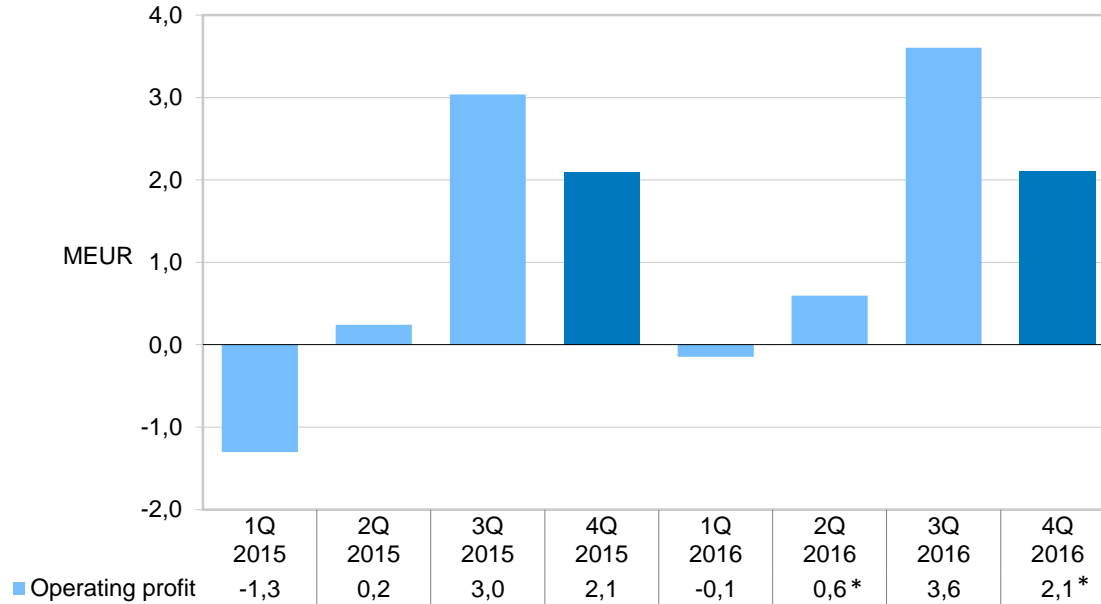
JANUARY– DECEMBER 2016 OPERATING RESULT

January-December operating result improved.

January-December comparable operating result was EUR 6.9 million (4.1)

- The discontinuation of Martela's own sales operations in Poland and Russia, announced in June, has been completed according to plan. The closure of the Bodafors plant and logistics center, which was announced earlier, has also been completed.
- Efficiency of operations has improved.

OPERATING RESULT



* Operating profit includes 0.6 million euro restructuring costs

**Operating profit includes 0.1 million euro restructuring costs

JANUARY-DECEMBER 2016

OTHER KEY FIGURES

- Cash flow from operating activities in January-December was EUR 11.7 million (3.9)
 - Cash flow was increased by improved EBITDA and decreased inventories.
- Result of the period January-December was EUR 3.3 million (2.5)
 - Net financial items declined to EUR 0.5 million (0,7).
 - Taxes increased and were EUR 2.3 million (0.9).
- Equity ratio was 45.3 % (40.9)
- Gearing was -18.9 % (16.6)

GEARING



MAIN FOCUS AREAS

Implementing the
Martela Lifecycle
strategy in the
Nordic countries

Improving
profitability.

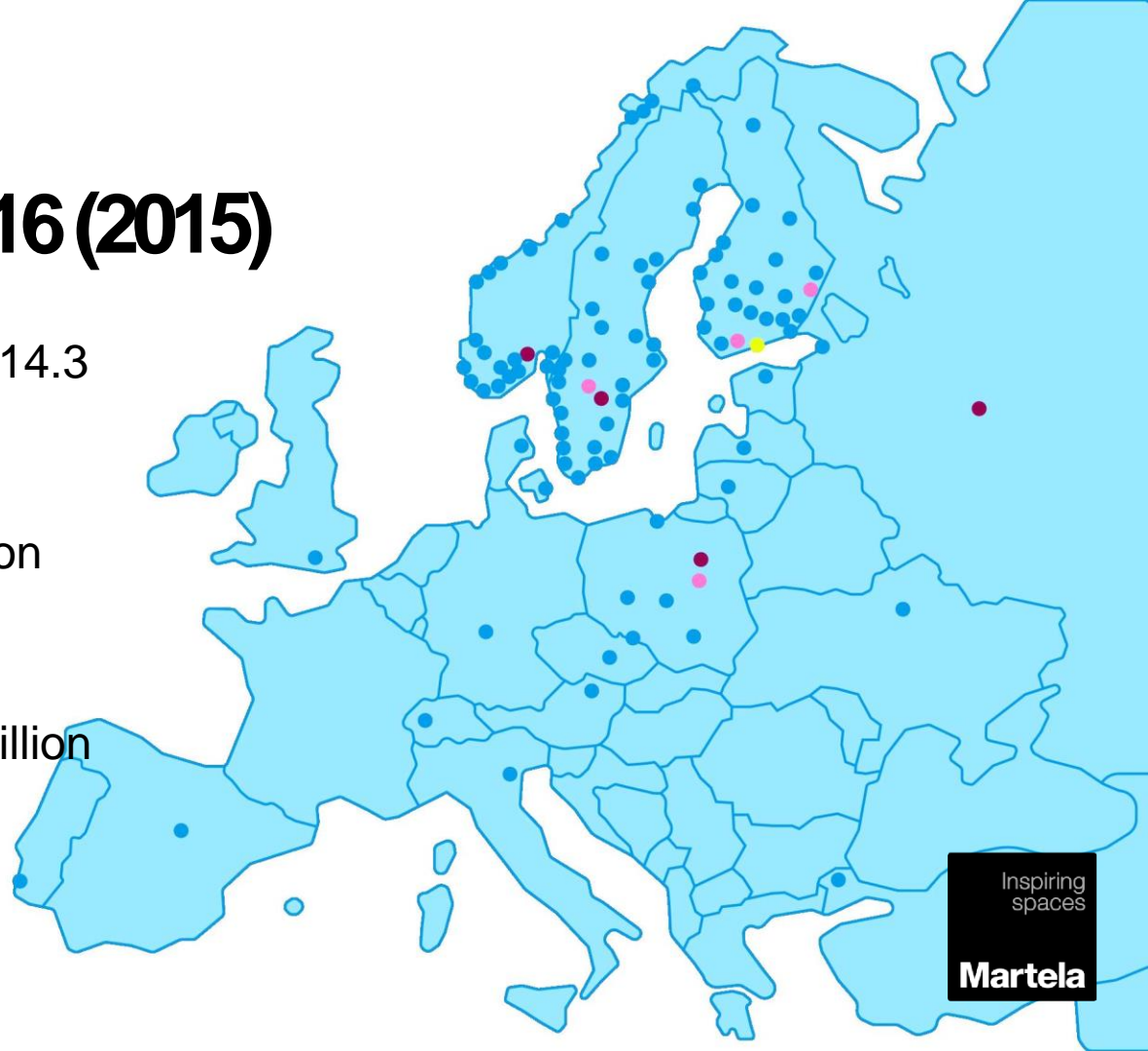
OUTLOOK FOR 2017

The Martela Group anticipates that the Martela Group's revenue and the Group's IFRS operating result will remain at the level of 2016. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year

APPENDIX

REVENUE 1-12/2016 (2015)

- Finland and Sweden EUR 114.3 million (111.5), 2.5 %
- International EUR 13.6 million (20.1), - 32,7 %
- Other segments EUR 1.3 million (1.2), 6.0 %



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OPERATING RESULT 1-12/2016 (2015)

EUR million	10-12 2016	10-12 2015	1-12 2016	1-12 2015
Finland & Sweden	3,0	2,8	8,4	7,7
International	-0,6 *	-0,9	-2,6 **	-2,7
Other Segments	-0,2	0,3	0,4	-1,0
Total	2,1 *	2,1	6,2 **	4,1

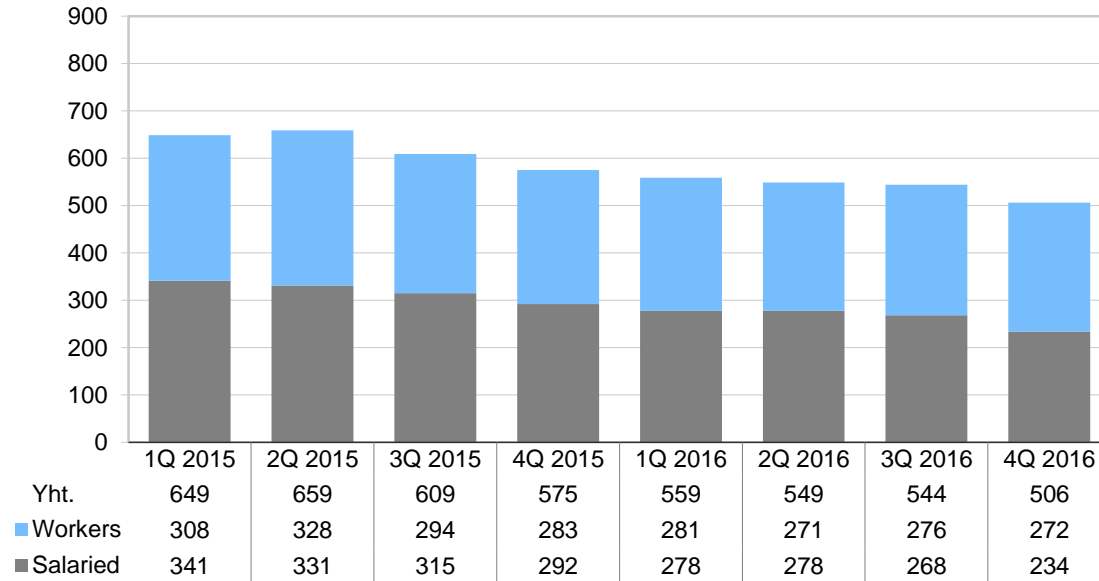
* Includes restructuring costs of 0,1 Meur

**Includes restructuring costs of 0,7 Meur

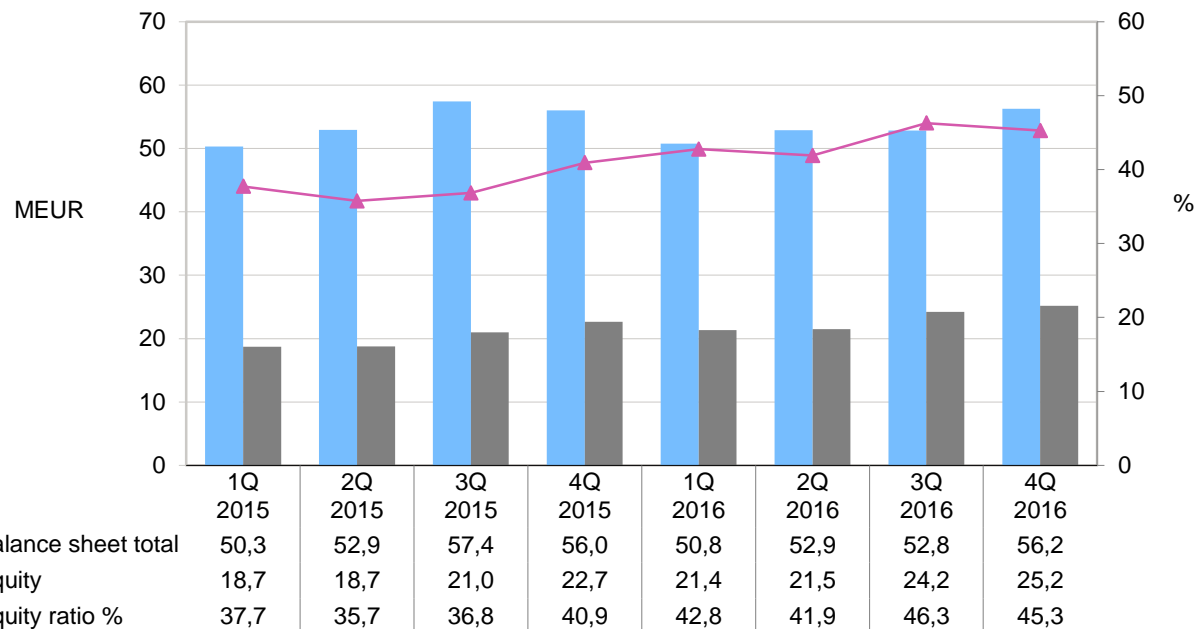
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PERSONNEL AT THE END OF PERIOD

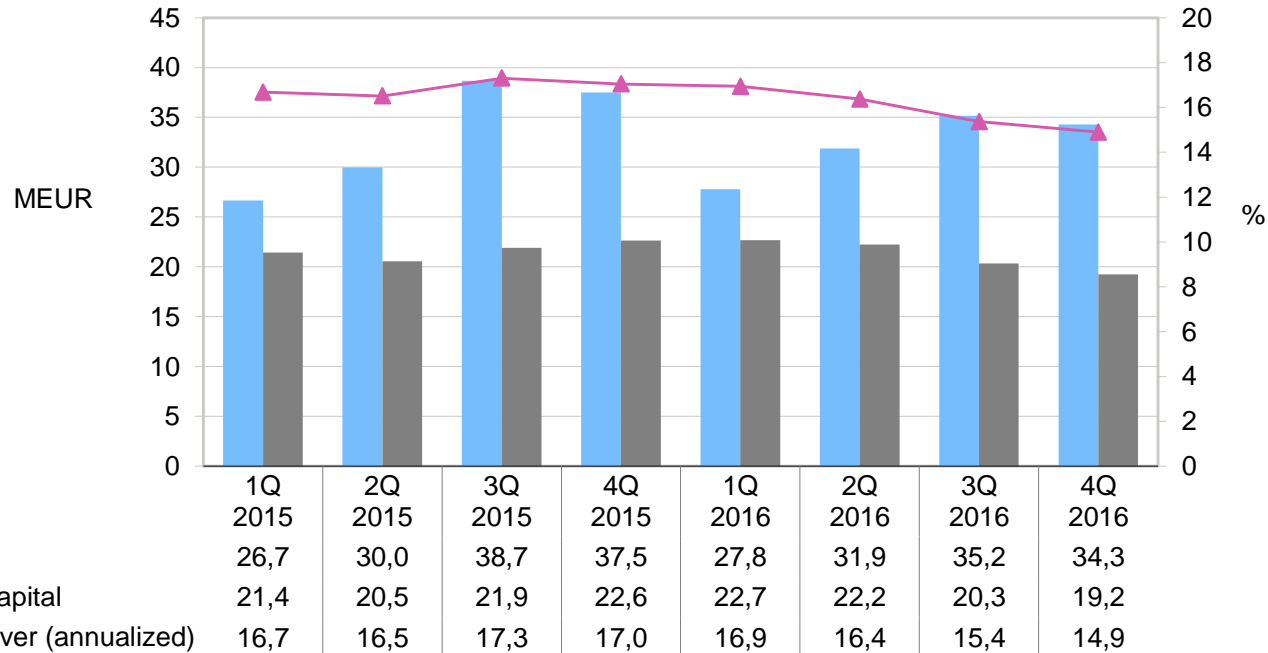


BALANCE SHEET

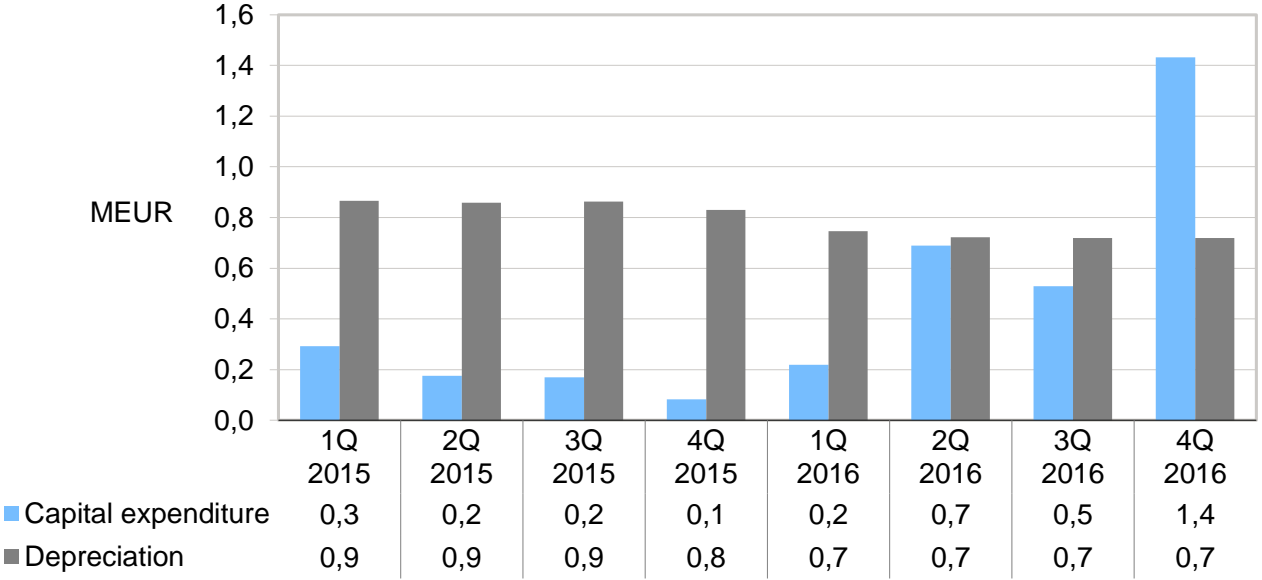


WORKING CAPITAL

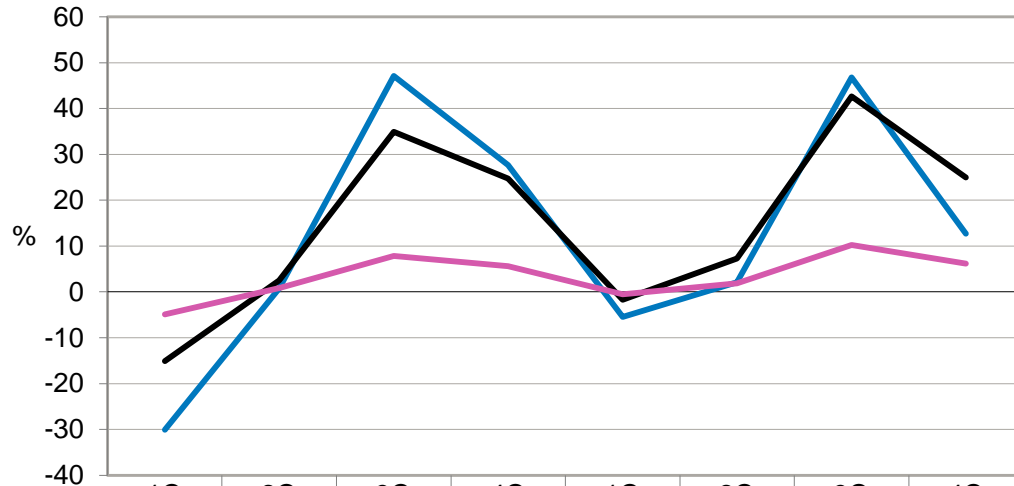
On average 12 months



CAPITAL EXPENDITURE AND DEPRECIATIONS



PROFITABILITY BY QUARTER



	1Q 2015	2Q 2015	3Q 2015	4Q 2015	1Q 2016	2Q 2016	3Q 2016	4Q 2016
Return on equity	-30,1	0,7	47,1	27,6	-5,5	2,1	46,8	12,7
Return on investment	-15,1	2,5	34,9	24,8	-1,7	7,3	42,6	25,0
Operating profit %	-4,9	0,8	7,9	5,6	-0,5	1,9	10,2	6,1

THANK YOU !