Inspiring spaces

Martela

2016

Financial Statements

For 1.1.-31.12.2016

MARTELA CORPORATION'S FINANCIAL STATEMENTS RELEASE, 1 JANUARY - 31 DECEMBER 2016

The January–December 2016 revenue was on the previous year's level and the operating result improved slightly.

October–December 2016

- Revenue EUR 34.3 million (10–12/2015: 37.5), change -8.6%
- Comparable operating result improved by 7.0 % and was EUR 2.2 million (2.1)
- Comparable operating profit ratio was 6.5 % (5.6 %)
- Operating result improved by 0.4 % and was EUR 2.1 million (2.1)
- Result declined by 48.9 % and was EUR 0.8 million (1.5)
- Earnings per share amounted to EUR 0.18 (0.37)

January–December 2016

- Revenue was on the previous year's level at EUR 129.1 million (132.8), change -2.8 %
- Comparable operating result improved by 68.7 % and was EUR 6.9 million (4.1)
- Comparable operating profit ratio was 5.3 % (3.1 %)
- Operating result improved by 51.1 % and was EUR 6.2 million (4.1)
- Result for the period improved by 33.5 % and was EUR 3.3 million (2.5)
- Earnings per share were EUR 0.81 (0.61)

Outlook for 2017

The Martela Group anticipates that its 2017 revenue and IFRS operating result will remain on the 2016 level. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

Key figures, EUR million

	2016 10-12	2015 10-12	Change %	2016 1-12	2015 1-12	Change %
Revenue	34,3	37,5	-8,6	129,1	132,8	-2,8
Comparable operating result*	2,2	2,1	7,0	6,9	4,1	68,7
Comparable operating result %*	6,5	5,6		5,3	3,1	
Operating result	2,1	2,1	0,4	6,2	4,1	51,1
Operating result %	6,1	5,6		4,8	3,1	
Result before taxes	2,0	1,9	2,3	5,6	3,4	65,9
Result for the period	0,8	1,5	-48,9	3,3	2,5	33,5
Earnings/share, eur	0,18	0,37	-49,1	0,81	0,61	32,3
Return on investment %	25,0	24,8		18,2	12,1	
Return on equity %	12,7	27,6		13,9	11,6	
Equity ratio %				45,3	40,9	
Gearing %				-18,9	16,6	

* Martela applies the European Securities and Markets Authority (ESMA) guidelines on disclosing alternative performance measures. The guidelines took effect on 3 July 2016. Martela discloses alternative performance measures to illustrate the financial performance of its business operations and to improve intra-period comparability. The alternative performance measures should not be considered a substitute for the IFRS performance measures. The reconciliation of the ESMA performance measures with the most directly reconcilable IFRS-based items has been presented in the financial statements information of this financial statements report.

Matti Rantaniemi, CEO:

"In the fourth quarter, our business operations developed as anticipated and we are satisfied with the company's overall financial performance in 2016. Revenue was at a good level, profitability improved and the cash flow from operating activities was also good.

Revenue for January–December was EUR 129.1 million, which is at the previous year's level (132.8). The comparable consolidated operating result was EUR 6.9 million (4.1), which is 68.7% higher than in the comparison period. The comparable operating result for the October–December period was EUR 2.2 million (2.1), and growth was 7%. The cash flow from operating activities in January–December was EUR 11.7 million (3.9).

With the positive performance of the Business Unit Finland & Sweden, the consolidated revenue for the review period was on the 2016 level. For the Business Unit International, revenue declined in Poland and Norway while it grew in Russia and other international operations.

The discontinuation of Martela's own sales operations in Poland and Russia, announced in June, has been completed according to plan. EUR 0.7 million in non-recurring expenses have been recorded on the discontinuation and this is not included in the company's comparable operating result. The Warsaw production and purchasing unit will continue operations and is an integral part of Martela's Customer Supply Management organisation. The closure of the Swedish Bodafors unit, which was announced earlier, has also been completed. The assembly work carried out at Bodafors has been concentrated in our Nummela production unit and the distribution to our logistics partners.

The EUR 4 million savings programme for variable and fixed costs launched in 2015 has been completed in full and it will have full effect in 2017. At the same time, however, the Group will continue to invest in implementing and further developing its Martela Lifecycle strategy, which will increase fixed costs somewhat, preventing the Group's cost level from falling by the full amount of the savings referred to above.

In 2016 we refocused our Martela Lifecycle strategy to match the ongoing change in the way people work. The key aspects of our updated strategy are: Martela offers people-centric workplaces, provides all workplace services through a single point of contact, and focuses on the Nordic countries, and its goal is to achieve an EBIT level of 8% by the end of 2018 (excluding non-recurring items).

The responsibilities of the Management Team's members have been reassigned and Martela's organisation changed to match the refocused strategy. All business units were concentrated in the Customers and Workplace Services unit and removal services and IT functions were added into the Customer Support Management unit, in addition to sourcing, production, delivery and quality which were already part of the unit.

The principal investment in the financial year was the New Business Platform (NBP), worth EUR 2.2 million, which mainly concerned the IT system reforms required to implement the Martela Lifecycle strategy. The launch of these reforms in the first half of 2017 will be a demanding period for everyone at Martela but the reforms will provide us with an agile foundation for developing our business as a comprehensive service in accordance with the Lifecycle strategy.

The year 2017 will largely be a continuation of 2016. We will focus on improving profitability, implementing the Martela Lifecycle strategy, deploying the New Business Platform (NBP), developing Martela's offering and improving operations and improving job satisfaction among our employees."

Market

No material changes took place in the market during the fourth quarter. The demand for Martela's products and services is fundamentally affected by the general economic situation and by the extent to which companies and the public sector need to use their space more efficiently and make their workplaces more effective management tools.

The annual change in a country's gross domestic product (GDP) can be regarded as an indicator of general economic development. GDP is estimated to have grown at least somewhat in all of Martela's main markets in 2016 and this development will continue in 2017.

The need to boost efficiency often leads to office alteration projects, which in turn generate demand for Martela. What is more, an increasing number of workplaces and learning environments have understood that the environment itself plays an important role in improving productivity. The Martela Lifecycle model responds well to such needs to develop workplaces in businesses and the public sector, and to this end, we have focused on our competence in workplace specification, planning and maintenance services.

The estimated size of the Nordic workplace market is approximately one billion euros. In Sweden the market relevant to Martela is more than twice the size of what it is in Finland, and the Norwegian market is close in size to its Finnish counterpart.

Revenue and operating result

Revenue and result for October–December 2016

Revenue declined in October–December by 8.6 % and was EUR 34.3 million (37.5). The revenue of the Business Unit Finland & Sweden declined by 4.0 % on the previous year. Due to the timing of projects, revenue fell in Finland and increased in Sweden. The revenue of the Business Unit International declined by 42.1 % on the previous year. Revenue declined in Poland and remained on the 2015 level in Norway. Revenue from Russian and other international operations increased on the previous year. Fourth quarter revenue from operations in Russia was significantly lower than that of the preceding quarter.

The consolidated operating result for the fourth quarter grew by 0.4 % and was EUR 2.1 million (2.1). EUR 0.1 million was recorded in the second quarter in costs affecting comparability, which arose from the discontinuation of the own Polish and Russian sales operations.

Consolidated revenue grew as a result of improved operating efficiency.

The October–December result before taxes was EUR 2.0 million (1.9), an increase of 2.3 %. The October–December result was EUR 0.8 (1.5), a decline of 48.9 %.

Revenue and result for January–December 2016

Revenue for January-December was EUR 129.1 million, which is at the previous year's level (132.8). The revenue of the Business Unit Finland & Sweden grew by 2.5 % on the previous year. Finnish revenue for the four quarters was on last year's level while in Sweden the corresponding figure improved year-on-year. The revenue of the Business Unit International declined by 32.7 % on the previous year. In Poland and Norway, revenue declined while in Russia and other international operations it grew.

The discontinuation of Martela's own sales operations in Poland and Russia, announced in June, has been completed. The Warsaw production and purchasing unit will continue operations and is an integral part of Martela's Customer Supply Management organisation. The closure of the Bodafors plant and logistics centre, which was announced earlier, has also been completed.

The EUR 4 million savings programme for variable and fixed costs launched in 2015 has been completed in full and it will have full effect in 2017. At the same time, however, the Group will continue to invest in implementing and further developing its Martela Lifecycle strategy, which will increase fixed costs somewhat, preventing the Group's cost level from being reduced by the full amount of the savings referred to above.

The comparable consolidated operating result for the January–December period was EUR 6.9 million (4.1), which is 68.7 % higher than in the comparison period. EUR 0.7 million was recorded in the period in costs affecting comparability, which arose from the discontinuation of the own Polish and Russian sales operations. As a result, the January–December IFRS operating result was EUR 6.2 million (4.1), which is 51.1 % better than in the comparison period.

The January–December result before taxes was EUR 5.6 million (3.4), an increase of 65.9 %. The increase in taxes recorded for the period was due to the improved result at the mother company.
Profit for the January–December period was EUR 3.3 million (2.5), and growth was 33.5 %.

Segment figures, EUR million

Revenue by segment	2016 10-12	2015 10-12	Change %	2016 1-12	2015 1-12	Change %
Finland and Sweden	30,8	32,1	-4,0	114,3	111,5	2,5
International	3,0	5,2	-42,1	13,6	20,1	-32,7
Other segments	0,4	0,2	164,1	1,3	1,2	6,7
Total	34,3	37,5	-8,6	129,1	132,8	-2,8

Operating result by segment	2016 10-12	2015 10-12	Change %	2016 1-12	2015 1-12	Change %
Finland and Sweden	3,0	2,8	8,0	8,4	7,7	8,0
International	-0,6	-0,9	-32,6	-2,6	-2,7	-2,5
Other segments	-0,2	0,3	-182,3	0,4	-1,0	-144,8
Total	2,1	2,1	0,4	6,2	4,1	51,1

Revenue by Segment		2016 1-12	2015 1-12
Finland and Sweden	External revenue	114,3	111,5
	Internal revenue	8,0	8,2
International	External revenue	13,6	20,1
	Internal revenue	0,0	0,4
Other	External revenue	1,3	1,2
	Internal revenue	19,2	17,7
Total, external revenue		129,1	132,8
Total, internal revenue		27,2	26,3

The business segments are based on the Group's operating structure and internal financial reporting. The segment results presented are their operating results, as tax items and financial items are not allocated by segment. The Group's assets and liabilities are not allocated or monitored by segment in the internal financial reporting. The Business Unit Finland & Sweden was responsible for sales and marketing and for service production in Finland. The Business Unit International consisted of Martela's sales operations in Norway, Poland and Russia, as well as exports. The most important export countries are Denmark, Estonia, France and the United Arab Emirates (UAE). The item Other segments included the business operations of Kidex Oy, non-allocated Group functions, production units and non-recurring sales gains and losses. The Group's Supply Chain Management unit carries out production and procurement for the business units.

Changes in segment reporting from 1 January 2017

As a result of harmonising and combining processes, the organisation, reporting and systems, the company will report consolidated figures as a single business unit as of 2017. Revenue will be reported by Finland, Sweden, Norway and other areas.

Financial position

The Group's financial position has improved significantly and is stable. The cash flow from operating activities in January–December was EUR 11.7 million (3.9). The cash flow was strengthened by an improved EBITDA operating margin and a decrease in capital tied up in inventories.

At the end of the period, interest-bearing liabilities stood at EUR 8.7 million (11.5) and net liabilities were EUR -4.8 million (3.8). The gearing ratio at the end of the period was -18.9 % (16.6) and the equity ratio was 45.3 % (40.9). Financial income and expenses were EUR - 0.5 million (-0.7).

Financing arrangements include covenant clauses in which the ratio between the Group's net liabilities and EBITDA and the Group's equity ratio are calculated. The key figures calculated at the end of the review period fulfilled the covenant clauses.

The balance sheet total stood at EUR 56.2 million (56.0) at the end of the period.

Capital expenditure

The Group's gross capital expenditure for January–December came to EUR 2.9 million (0.7). The majority of the investments, EUR 2.2 million, concerned the IT system development project (NBP).

Personnel

The Group employed an average of 550 people (622), which represents a decrease of 72 persons or 11.6 %. The number of employees in the Group was 506 (575) at the end of the review period.

The responsibilities of the Management Team's members have been reassigned and Martela's organisation changed to match strategy. All business units were concentrated in the Customers and Workplace Services unit and removal service and IT service were added into the Customer Support Management unit, in addition to sourcing, production, delivery and quality which have been part of the unit for a longer time. The Innovation to Market unit was set up in conjunction with the 2016 reorganisation to take responsibility for the company's brand and marketing, and the development and management of workplace services and the product portfolio. At the end of 2016, the Human Resources unit became the People & Communication unit when human resources, communications and responsibility were combined. The Finance and IR unit is responsible for financial and legal matters and investor relations.

Riitta Järnstedt started as the company's new Chief Financial Officer on 19 August 2016, and Veli-Matti Savo, the head of the ITM organisation, left the company on 17 November 2016.

Personnel costs in 2016 totalled EUR 29.7 million (32.3).

Personnel on average	**2 016 1-12**	**2 015 1-12**	**Change %**
Finland	428	469	-8,7
Scandinavia	45	49	-8,2
Poland	72	93	-22,6
Russia	5	11	-54,5
Total	550	622	-11,6

Martela's offering

Instead of individual changes, Martela Lifecycle offers an approach that covers the entire lifecycle of a workplace. In the Martela Lifecycle model, the maintenance of premises and furniture is continuous and the workplace evolves with changing needs.

Specification

Thorough specification forms the basis for workplaces that support employees in their tasks and the company's strategic goals. In addition to collecting information, involving users in the change and introducing them to new ways of working is an important part of the specification stage. Specification includes a measurement of utilization rate, workshops and a workplace survey.

Planning

Space and interior design optimises the use of space in the workplace and clarifies the company's visual image. User-centric planning ensures efficient and comfortable premises. The planning stage provides a plan for the space that is company-specific and can take into account existing furniture, recycling of excess furniture and cost-efficient opportunities for renting furniture. The management and monitoring of premises is easy with Martela Dynamic solutions.

Implementation

Careful advance planning and effective project management ensure excellent execution of change and maintenance. Martela will reliably carry out all measures, from removals, installation and recycling of furniture, to final cleaning. The services offered also include personnel training to support the transition to a new way of working and the implementation of the change as soon as the premises have been completed.

Maintenance

Workplaces require constant maintenance and optimisation. The maintenance stage includes a survey of the real need for developing premises that is based on a survey of user experiences and utilization rate measurement, and proposals for improvement drawn up on the basis of these. As a result, the premises can provide ideal support for work throughout their entire lifecycle, even when the organisation or the way it works changes. Maintenance reduces the need for major changes, reduces costs and ensures employee comfort and efficiency

OTHER MATTERS

Group structure

There were no changes in Group structure during the review period. We expect the documents concerning the discontinuation of our Russian subsidiary to be approved by the authorities during the first half of 2017.

Shares

In January–December, a total of 2,067,817 (765,413) of the company's series A shares were traded on the NASDAQ OMX Helsinki exchange, corresponding to 58.2 % (21.6) of the total number of series A shares.

The value of trading turnover was EUR 14.0 million (2.4), and the share price was EUR 12.84 at the end of 2016 (3.53). During January–December, the highest quotation of the share was EUR 13.50 and the lowest EUR 3.29. At the end of December 2016, equity per share was EUR 6.13 (5.54).

Treasury shares

Martela did not purchase any of its own shares in January–December. On 31 December 2016, Martela owned a total of 47,146 Martela A shares, purchased at an average price of EUR 10.65. Martela's holding of treasury shares amounts to 1.1 % of all shares and 0.3 % of all votes. Of the Martela A shares held by the company, a total of 16,001 shares were transferred to recipients of incentives in accordance with the terms of the share-based incentive scheme. Management of the share-based incentive scheme has been outsourced to an external service provider.

Share-based incentive programme

At the end of the review period on 31 December 2016, the Group had two long-term share-based incentive programmes. The earnings period of the older programme consists of the calendar years 2014–2016, and in the newer programme, announced on 15 December 2016, there are two earning periods, which are 2017–2018 and 2019–2020. The target group for the 2014–2016 and the 2017–2018 periods is the Group's Management Team.

The maximum bonus for the older programme is 160,000 Martela Corporation A shares and an amount of cash that will cover taxes and similar charges, estimated at approximately the value of the shares to be paid. A total of 59,201 shares have been distributed based on the 2014–2015 results and it has been decided to distribute 41,777 shares based on the result of the 2016 financial year.

The Board of Directors will decide at the beginning of the earning period the earning criteria and the goals for each criterion of the newer programme. Fees to be paid of the 2017–2018 earning period correspond to a maximum total of approximately 100,000 Martela Corporation series A shares and also include the cash portion.

2016 Annual General Meeting

Martela Corporation's Annual General Meeting was held on 8 March 2016. The AGM approved the financial statements for 2015 and discharged the members of the Board of Directors and the Managing Director from liability. The AGM decided, in accordance with the Board of Directors' proposal, to distribute a dividend of EUR 0.25 per share. The dividend was paid on 17 March 2016.

The number of members on the Board of Directors was confirmed as seven. Kirsi Komi, Eero Leskinen, Eero Martela, Heikki Martela, Pinja Metsäranta and Yrjö Närhinen were re-elected to the Board, and Anni Vepsäläinen was elected as a new member.

KPMG Oy Ab, Authorised Public Accountants, was reappointed as the company's auditor. The AGM approved the Board of Directors' proposals, detailed in the meeting notice, to authorise the Board to acquire and/or dispose of Martela shares. The new Board of Directors convened after the AGM and elected from its members Heikki Martela as Chairman and Eero Leskinen as Vice Chairman.

Corporate responsibility and quality

Responsibility forms an integral part of Martela's strategy and daily operations. We support the responsibility of our customer companies by offering sustainable solutions for the workplace throughout its entire lifecycle and by ensuring the responsible recycling of any furniture that is no longer needed. The Martela Lifecycle model takes into account the entire lifecycle of the workplace. To ensure the quality of our operations and take environmental matters into consideration in all operations, the Group's units have certified quality and environmental systems in place. More detailed information on matters concerning the Group's operations from the perspective of responsibility can be found in the annually published responsibility reports, which are based on GRI principles.

Administration

Martela Corporation is a Finnish limited liability company that is governed in its decision-making and management by Finnish legislation, especially the Finnish Limited Liability Companies Act, by other regulations concerning public listed companies, and by its Articles of Association. The company complies with the NASDAQ OMX Guidelines for Insiders and the Corporate Governance Code 2015 for Finnish listed companies published by the Securities Market Association. More information on Martela's governance can be found on the company's website.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events requiring reporting have taken place since the January–December period, and operations have continued according to plan.

SHORT-TERM RISKS

The principal risk regarding profit performance relates to the general economic uncertainty and the consequent effects on the overall demand in Martela's operating environment. Due to the project-based nature of the sector, forecasting short-term developments is challenging.

The New Business Platform IT reform that will take place in the first half of 2017 may pose operating challenges that may impact business operations in the short term. Risks are being minimised by conducting sufficient testing, ensuring sufficient resources and by implementing standard features of the systems.

OUTLOOK FOR 2017

The Martela Group anticipates that its 2017 revenue and IFRS operating result will remain on the 2016 level. Due to normal seasonal variations, the Group's operating result accumulates mainly during the second half of the year.

PROPOSAL OF THE BOARD OF DIRECTORS FOR DISTRIBUTION OF PROFIT

The Board of Directors will propose to the AGM that a dividend of EUR 0.37 per share be distributed for 2016.

ANNUAL GENERAL MEETING

Martela Corporation's AGM will be held on 14 March 2017 at 3 p.m. in Martela House, Helsinki. The notice of Annual General Meeting will be published in a separate stock exchange release.

TABLES

Accounting policies

This financial statements release has been prepared in compliance with the IAS 34 standard. Martela Corporation's consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) which were valid on 31 December 2016. The figures in this release have been rounded, and so the combined sum of individual figures may differ from the sums presented. The annual figures presented in this financial statements release have been audited.

RECONCILIATION OF PERFORMANCE MEASURES WITH IFRS-BASED ITEMS (EUR 1000)

	10-12 2016	10-12 2015	1-12 2016	1-12 2015
Items affecting comparability				
Closing costs in Poland's and Russia's activities	-139	0	-717	0
Operating result	2 105	2 097	6 158	4 075
Closing costs in Poland's and Russia's sales activities	139	0	717	0
Comparable operating result	**2 244**	**2 097**	**6 875**	**4 075**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1000)

	2016 10-12	2015 10-12	2016 1-12	2015 1-12
Revenue	**34 273**	**37 502**	**129 127**	**132 820**
Other operating income	245	-10	464	395
Employee benefits expenses	-8 179	-8 715	-29 671	-32 277
Operating expenses	-23 515	-25 849	-90 854	-93 446
Depreciation and impairment	-719	-831	-2 908	-3417
Operating profit / loss	**2 105**	**2 097**	**6 158**	**4 075**
Financial income and expenses	-132	-168	-540	-689
Profit / loss before taxes	**1 973**	**1 929**	**5 618**	**3 386**
Income tax	-1 214	-444	-2 302	-903
Profit / loss for the period	**759**	**1 485**	**3 316**	**2 483**
Other comprehensive income:				
Translation difference	177	-26	161	-41
Actuarial gains and losses	43	253	43	253
Actuarial gains and losses, deferred taxes	-41	-32	-41	-32
Other	-35		-35	
Total comprehensive income	**903**	**1 680**	**3 444**	**2 663**
Basic earnings per share, eur	0,18	0,37	0,81	0,61
Diluted earnings per share, eur	0,18	0,37	0,81	0,61
Allocation of net profit for the period:				
To equity holders of the parent	759	1 485	3 316	2 483
Allocation of total comprehensive income:				
To equity holders of the parent	903	1 680	3 444	2 663

GROUP BALANCE SHEET (EUR 1000)	**31.12.2016**	**31.12.2015**
ASSETS		
Non-current assets		
Intangible assets	6 321	4 733
Tangible assets	6 632	8 524
Investments	55	55
Deferred tax assets	144	381
Investment properties	600	600
Total	**13 752**	**14 293**
Current assets		
Inventories	7 709	10 655
Receivables	21 351	23 314
Cash and cash equivalents	13 425	7 724
Total	**42 485**	**41 693**
Total assets	**56 238**	**55 986**
EQUITY AND LIABILITIES		
Equity		
Share capital	7 000	7 000
Share premium account	1 116	1 116
Other reserves	-9	-9
Translation differences	-579	-740
Retained earnings	17 135	15 047
Treasury shares	-502	-673
Share-based incentives	1 013	921
Total	**25 174**	**22 662**
Non-current liabilities		
Interest-bearing liabilities	6 283	8 388
Deferred tax assets	577	758
Pension obligations	371	574
Total	**7 231**	**9 720**
Current liabilities		
Interest-bearing	2 005	2 517
Non-interest bearing	21 827	21 087
Total	**23 832**	**23 604**
Total liabilities	**31 063**	**33 324**
Equity and liabilities, total	**56 238**	**55 986**

CONSOLIDATED CASH FLOW STATEMENT (EUR 1000)	**2016**	**2015**
	1-12	**1-12**
Cash flows from operating activities		
Cash flow from sales	129 898	129 489
Cash flow from other operating income	317	354
Payments on operating costs	-116 264	-125 229
Net cash from operating activities before financial items and taxes	**13 951**	**4 614**
Interests paid	-375	-422
Interests received	4	10
Other financial items	-193	-273
Dividends received	18	0
Taxes paid	-1 743	-55
Net cash from operating activities (A)	**11 662**	**3 874**
Cash flows from investing activities		
Capital expenditure on tangible and intangible Assets	-2 580	-626
Proceeds from sale of tangible and intangible Assets	147	41
Net cash used in investing activities (B)	**-2 433**	**-585**
Cash flows from financing activities		
Proceeds from short-term loans	0	11 932
Repayments of short-term loans	-1 395	-15 262
Proceeds from long-term loans	0	4 000
Repayments of long-term loans	-1 221	-2 231
Dividends paid and other profit distribution	-1 022	-405
Net cash used in financial activities (C)	**-3 638**	**-1 966**
Change in cash and cash equivalents (A+B+C)	**5 591**	**1 323**
(+ increase, - decrease)		
Cash and cash equivalents in the beginning of period	7 724	6 407
Translation differences	110	-6
Cash and cash equivalents at the end of period	**13 425**	**7 724**

STATEMENT OF CHANGES IN EQUITY (EUR 1000)

Equity attributable to equity holders of the parent

	Share Capital	Share Premium Account	Other Reserves	Transl. Diff.	Retained Earnings	Treasury Shares	Total
01.01.2015	7 000	1 116	-9	-699	13 962	-1 050	20 320
Total comprehensive income					2 483		2 483
Translation diff.				-41			-41
Items resulting from the remeasurement					221		221
Of the net debt rel. to defined benefit plans							
Dividends					-354		-354
Witholding taxes from dividends					-51		-51
Share-based incentives					-293	377	84
31.12.2015	7 000	1 116	-9	-740	15 968	-673	22 662
01.01.2016	7 000	1 116	-9	-740	15 968	-673	22 662
Total comprehensive income					3 316		3 316
Translation diff.				161			161
Other					-35		-35
Items resulting from the remeasurement							
Of the net debt rel. to defined benefit plans					2		2
Dividends					-884		-884
Witholding taxes from dividends					-139		-139
Share based incentives					-79	171	92
31.12.2016	7 000	1 116	-9	-579	18 149	-502	25 174

CONTINGENT LIABILITIES	**31.12.2016**	**31.12.2015**
Mortgages and pledges	26 781	26 905
Other commitments	329	597
Rental commitments	7 929	8 376

DEVELOPMENT OF SHARE PRICE	**2016 1-12**	**2015 1-12**
Share price at the end of period, eur	12,84	3,53
Highest price, eur	13,50	3,58
Lowest price, eur	3,29	2,75
Average price, eur	6,80	3,17

Key share-related figures	**2016 1-12**	**2015 1-12**
Number of shares at the end of period, thousands	4 155,6	4 155,6
Basic earnings per share, eur	0,81	0,61
Diluted earnings per share, eur	0,81	0,61
Price/earnings, P/E	15,9	5,8
Equity/share, eur	6,13	5,54
Dividend per share, eur (2016 Board proposal)	0,37	0,25
Dividend/earnings per share %	45,8	41,0
Effective dividend yield %	2,9	7,1
Price of A share 31.12., eur	12,84	3,53

The largest shareholders 31.12.2016	% of total Votes
Marfort Oy	38,8
Ilmarinen Mutual Pension Insurance Company	2,1
Martela Heikki	7,5
OP-Suomi Arvo	1,1
Palsanen Leena	1,4
Palsanen Jaakko	1,0
OP Vakuutus Oy	0,8
AC Invest Oy	0,7
Martela Matti	7,8
Meissa-Capital Oy	0,5
Lindholm Tuija	5,7
Martela Pekka	8,9
Nordea Pankki Suomi Oyj, nominee reg. shares.	0,3
Andersson Minna	6,3
Martela Oyj	0,3
Sijoitusrahasto Nordea Nordic Small Cap	0,3
Sijoitusrahasto Nordea Suomi Small Cap	0,3
Nordnet Bank Ab	0,2
Other shareholders	16,0
Total	100,0

The number of registered Martela corporation shares was 4 155 600 on 31 December 2016. The shares are divided into A and K shares. Each A share carries 1 vote and K shares carries 20 votes at general meeting of shareholders.

Members of the company's Board of Directors held a total of 5.2 % of the shares and 7.8 % of the votes. The company's CEO held no Martela Corporation shares on 31 December 2016.

Key figures / ratios	2016 1-12	2015 1-12
Revenue, EUR million	129,1	132,8
Change in revenue %	-2,8	-2,3
Exports and operations outside Finland, EUR million	33,1	35,9
In relalation to revenue %	25,6	27,0
Comparable operating profit /loss, EUR million	6,9	4,1
-% in relation to revenue	5,3	3,1
Operating profit / loss, EUR million	6,2	4,1
-% in relation to revenue	4,8	3,1
Profit / loss before taxes, EUR million	5,6	3,4
-% in relation to revenue	4,4	2,5
Profit/loss for the period, EUR million	3,3	2,5
-% in relation to revenue	2,6	1,9
Gross capital expenditure, EUR million	2,9	0,7
-% in relation to revenue	2,2	0,5
Research and development, EUR million	1,9	2,1
-% in relation to revenue	1,4	1,6
Personnel in average	550	622
Change in personnel, %	-11,6	-16,2
Personnel at the end of period	506	575
Revenue/employee, EUR thousand	234,7	213,5
Return on equity %	13,9	11,6
Return on investment %	18,2	12,1
Equity ratio %	45,3	40,9
Interest-bearing net-debt,	-4,8	3,8
Gearing %	-18,9	16,6

FORMULAS TO KEY FIGURES

Earnings / share	=	Profit attributable to equity holders of the parent Average share issue-adjusted number of shares
Price /earnings multiple (P/E)	=	Share issue-adjusted share pirce at year end Earnings / share
Equity / share, EUR	=	Equity attributable to the equity holders of the parent Share issue-adjusted number of share at year end
Dividend / share, EUR	=	Dividend for the financial year Share issue-adjusted number of share at year end
Dividend / earnings, %	=	Dividend / share x 100 Earnings / share
Effective dividend yield, %	=	Share issue-adjusted dividend / share x 100 Share issue-adjusted share price at the year end
Return on equity-%	=	Profit/loss for the financial year x 100 Equity (average during the year)
Return on investment-%	=	(Pre-tax profit/loss + interest expenses + other financial items) x 100 Balance sheet total – Non-interest-bearing liabilities (average during the year)
Equity ratio, %	=	Equity x100 Balance sheet total – advances received
Gearing, %	=	Interest-bearing-liab. –cash, cash equiv.and liq. asset securities x 100 Equity
Personnel on average	=	Month-end average number of personnel in active employment
Interest-bearing net debt	=	Interest-bearing debt – cash and other liquid financial assets

The Martela 2016 Annual Report will be published on the company's website during the week 8/2017.

Martela Corporation
Board of Directors

Matti Rantaniemi
CEO

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