



**Source:** Efecte Oyj

May 08, 2019 06:00 ET

## Efecte Plc's Business review on 1-3/2019 - SaaS grew by 25%

EFFECTE PLC -- COMPANY ANNOUNCEMENT -- 8 MAY 2019 at 13.00

### Efecte Plc's Business review on 1-3/2019 - SaaS grew by 25%

- SaaS grew by 25% and international SaaS by 42%
- Total net sales grew by 20% to 3.5 Million euro
- SaaS was 48% and services 39% of total net sales
- EBITDA was -0.4 Million euro and operating profit -0.5 Million euro
- Operating profit percentage improved from -22% to -15%

#### Group key figures

MEUR	1-3/2019	1-3/2018	2018
Net sales	3.5	2.9	12.2
EBITDA	-0.4	-0.5	-2.0
Operating profit	-0.5	-0.6	-2.4
SaaS MRR (1000 eur)	569	460	523

#### CEO Niilo Fredrikson reviews the period 1-3/2019:

In 1-3/2019 Efecte's net sales grew by 20% to 3.5 MEUR (2.9 MEUR in 1-3/2018). Our current main businesses grew more rapidly: net sales of SaaS grew by 25% and services by 24%. Net sales of the non-core traditional business (perpetual licenses and related maintenance) was slightly below last year.

The solid 25% growth of our SaaS business was based on good performance in Finland and especially in Germany. Thanks to Germany, international SaaS business grew by 42%. Also services grew by 24%, but that growth was boosted by a weak comparison period last year. According to our strategy we are focusing on growing our SaaS business, and services will be grown as necessary to support the SaaS business.

Business in Finland developed steadily. Net sales in Germany grew significantly, as the revenue impact from new orders in late 2018 started to materialize. Growth in Sweden did not match our expectations.

A good performance in Germany contributed to the growth of both SaaS and services. We have continued active marketing and sales efforts in Germany, and in addition to customers also local analysts are starting to recognize Efecte as a credible service management solution supplier.

The forward-looking growth investments have decreased profitability in the review period as anticipated, but profitability clearly improved compared to last year: EBIT percentage improved from -22% to -15%.

The number of employees was 104 persons at the end of the reporting period (102). 83 employees were based in Finland (76), 12 in Germany (11), 9 in Sweden (12) and 0 in Denmark (3). The average number of employees during the period was 103 (101).

The company did not have interest-bearing financial debt at the end of the period. The company's cash and liquid assets were 5.7 MEUR (3/2018: 6.0 MEUR).

## Long-term financial targets

Efecte aims for over 20% annual organic growth of SaaS net sales on average in 2019 - 2022. Substantial investments in international growth and product development will decrease operating profit in the next few years, but the company aims for a double-digit operating profit percentage by the end of the strategy period.

## Guidance for the year 2019

In 2019 SaaS net sales is expected to grow by over 20% and profitability to improve from the comparison period.

## Next earnings release

Efecte will publish the half-yearly report 1-6/2019 on 21 August 2019.

## Additional information:

CEO Niilo Fredrikson, + 358 50 356 7177

Certified adviser: Evli Bank Oyj, tel. +358 40 579 6210