

Source : Efecte Oyj

07 nov. 2018 07h00 HE

Efecte Plc's Business review on 1-9/2018

EFFECTE PLC -- COMPANY ANNOUNCEMENT -- 7 NOVEMBER 2018 at 14.00

Efecte Plc's Business review on 1-9/2018

- Net sales grew by 18% to 8.8 Million euro
- SaaS grew by 24% and was 48% of total net sales
- Services grew by 21% and was 37% of total net sales
- Investments into accelerating international growth decreased profitability
- EBITDA was -1.3 Million euro and operating profit -1.6 Million euro

Group key figures

MEUR	1-9/2018	1-9/2017	2017
Net sales	8.8	7.4	10.6
EBITDA	-1.3	0.3	0.3
Operating profit	-1.6	-0.0	-0.1
SaaS MRR (1000 eur)	507	401	424
Order intake (1000 eur)	7962	8555	11866

CEO Niilo Fredrikson reviews the period 1-9/2018:

In 1-9/2018 Efecte's net sales grew by 18% to 8.8 MEUR (7.4 MEUR in 1-9/2017). Our current main businesses grew more rapidly: net sales of SaaS grew by 24% and services by 21%. Net sales of perpetual licenses and maintenance together was at last year's level.

I am delighted that SaaS business formed already 48% of our net sales. We have succeeded to increase the monthly SaaS invoicing by 26% from last year, while also maintaining a good growth in the related services business.

Business in Finland developed steadily. Our business in Sweden, Germany and Denmark generated approx. 16% of our net sales (14% in 1-9/2017). We have not reached our ambitions this year regarding the international growth. Investments into international growth have increased the sales pipeline significantly but have not yet led into the expected growth in net sales. We continue implementing our international growth strategy.

The forward-looking growth investments, especially the significant increase in the number of employees in Germany and Sweden, have decreased profitability in the review period as anticipated.

Total order intake year to date has been slightly below last year, as the comparison period included several large long-term renewals. Third quarter had, as usual, rather low order intake, and the solution expansion orders from current customers formed a major part. These expansion orders have a significant role in our steady growth path. The largest international order in the third quarter was received from a large German hospital that selected Efecte's service management solution.

The number of employees was 102 persons at the end of the reporting period (78). 78 employees were based in Finland (67), 11 in Sweden (8), 2 in Denmark (2) and 11 in Germany (1). The average number of employees during the period was 102 (72). Niilo Fredrikson started as the CEO on 24 September 2018.

The company did not have interest-bearing financial debt at the end of the period. The company's cash and liquid assets were 4.8 MEUR (12/2017: 6.1 MEUR).

Long-term financial targets

Efecte aims for over 20% annual organic growth on average in 2017-2022. Substantial investments in international growth 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 year 2018 (changed on 8 October 2018)

Growth of net sales for the full year is expected to be near the approx. 18% growth year to date, with a range of few percentage points. Due to the growth investments, we expect EBITDA to be clearly negative. Profitability in the second year-half is expected to be better than in the first year-half.

Next earnings release

Efecte will publish the financial statements bulletin 2018 on 7 March 2019.

Additional information:

CFO Hannu Nyman, +358 50 306 9913

CEO Niilo Fredrikson, + 358 50 356 7177

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