

# ADDNODE GROUP

Press release

## Interim Report, January 1 – September 30, 2014

### Strong results and 18 percent growth in the third quarter

#### Summary of the third quarter, July – September 2014

- Net sales amounted to SEK 354.5 M (301.4), up 18 percent.
- EBITA rose to SEK 34.0 M (14.4), an EBITA margin of 9.6 percent (4.8).<sup>1)</sup>
- Operating profit increased to SEK 25.1 M (8.3), an operating margin of 7.1 percent (2.8).<sup>1)</sup>
- After-tax profit increased to SEK 19.0 M (0.9).
- Earnings per share after dilution rose to SEK 0.64 (0.03).
- Cash flow from operating activities amounted to a negative SEK 29.9 M (neg: 1.4).

#### Summary of the nine-month period, January – September 2014

- Net sales amounted to SEK 1,137 M (1,010), up 13 percent.
- EBITA rose to SEK 95.6 M (62.5), an EBITA margin of 8.4 percent (6.2).<sup>1)</sup>
- Operating profit increased to SEK 70.0 M (45.5), an operating margin of 6.2 percent (4.5).<sup>1)</sup>
- After-tax profit increased to SEK 52.6 M (28.9).
- Earnings per share after dilution rose to SEK 1.78 (1.01).
- Cash flow from operating activities amounted to SEK 55.8 M (64.4).

1) Excluding non-recurring costs of SEK 0.0 M (5.5) for organizational changes and costs for the revaluation of conditional purchase considerations of SEK 0.0 M (0.2).

#### Significant events after the end of the period

- Renewed agreement with Statoil – order value of SEK 90 M over a three-year period.
- Acquired 37% of the company Kompanion – SaaS planning tool for home-help service.

#### CEO's comments

##### Strong results and 18 percent growth

Thanks to our long-term customer relationships and niche expertise, we were able to generate good business in a difficult market. The Design and PLM Management business areas reported a highly favorable trend and we secured several new orders. For example, Joint extended its contract with Statoil for the collaboration and project tool for planning and implementation of all development projects. The agreement is worth approximately SEK 90 M and extends over a three-year period. Our UK acquisition, Symetri, also had a positive impact on earnings for the period.

We have a strong offering for technical administration in Sweden's municipalities. With investment in the company behind Kompanion, we will also gain a firm foothold in the "soft" sector. Kompanion is an Internet-based tool for planning and organizing home-help service. With our experience in the public sector and our expertise in geographic information systems, service optimization and case management systems, we will be able to help Kompanion to continue to grow and develop.

We have 18 percent growth in the third quarter, of which 6 percentage points comprised organic growth and an improved EBITA margin of 9.6 percent. We are continuously increasing recurring revenue from support and maintenance agreements, as well as SaaS solutions. This gives us a more stable and uniform earnings trend over the year. During the third quarter, a full 49 percent of net sales derived from recurring revenue. The market is stable in most areas. However, the prevailing macroeconomic climate and geopolitical situation has resulted in

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some caution in the willingness to invest by our customers active in more capital-intensive industries. This is most obvious in Finland and among our customers in the oil and gas industry, as well as the maritime industry in Norway and the UK. From this perspective, I feel that the outcome in the third quarter is a sign of strength from the Group.

*Staffan Hanstorp, President and CEO*

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The information in this interim report is such that Addnode Group must disclose in accordance with the Swedish Securities and Clearing Operations Act and/or the Financial Instruments Trading Act. The information was released on October 24, 2014, 08.30 a.m.

## **About Addnode Group**

Addnode Group provides mission-critical IT solutions to selected markets in both private and public sectors. We acquire, build and manage companies that deliver IT solutions for the specific needs of our clients.

Every day, 250,000 engineers use our systems to develop and maintain products, buildings and facilities. 100,000 civil servants in the public sector use our solutions for municipal and state administration.

We are 950 employees in Sweden, Norway, Finland, Denmark, UK, USA, India and Serbia. In 2013 net sales totaled SEK 1 444 M. Addnode's Series B share is listed on the OMX Nordic List, Small Cap. For more information, please visit [www.addnodegroup.com](http://www.addnodegroup.com).