

ADDNODE GROUP

Press release

Interim report, January 1 – March 31, 2014

New geographic market, growth and strong cash flow

Summary of first quarter 2014

- Net sales amounted to SEK 411.4 M (370.7), up 11 percent.
 - EBITA rose to SEK 34.3 M (28.6), an EBITA margin of 8.3 percent (7.7).
 - Operating profit increased to SEK 26.4 M (23.3), an operating margin of 6.4 percent (6.3).
 - After-tax profit for the period increased to SEK 19.2 M (18.1).
 - Earnings per share after dilution amounted to SEK 0.65 (0.64).
 - Cash flow from operating activities amounted to SEK 71.8 M (45.6).
 - The Board of Directors proposes an unchanged dividend of SEK 2.25 (2.25) per share.
 - Adjustment of growth target. The annual net sales growth will amount to at least 10 percent.
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- After the end of the period an agreement has been signed to acquire Symetri, with annual revenue of SEK 80 M. The acquisition will open up a new geographic market for Cad-Q and the Addnode Group. There are conditions connected to the acquisition, which is expected to be implemented in May.

CEO's comments

Growth, stable margins and strong cash flow

We continue to do good business in most of our areas in a relatively weak economy. We started 2014 with 11-percent growth and an EBITA margin of 8.3 percent – somewhat better than the year-earlier period. The growth, which is both organic and acquisition-related, varies within our business areas and in various geographic markets. The Design Management business area had 16-percent growth in the quarter, which was largely due to the acquisition of Joint in 2013. In the PLM business area, organic growth was 10 percent, with much stronger profitability compared with the year-earlier period. The Process Management business area had growth of 10 percent, but a slightly weaker margin. We have not yet achieved the desired profitability in the Content Management business area, but have recognized the first positive EBITA for the business area since the fourth quarter of 2012.

Cash flow from operations during the first quarter was much stronger than revenue generated. Our seasonal pattern entails that a large proportion of our licensing transactions, but mainly our annual recurring support and maintenance agreements, are invoiced in the fourth quarter and paid by customers in the first quarter. This generates very strong cash flows in the first months of the year and low working capital requirements for the full year.

Acquisition opens up a new geographic market

We have, in April, signed an agreement to acquire Symetri, which has annual revenue of SEK 80 M. Symetri has a strong position in the UK market and is the largest Autodesk distributor to the manufacturing and oil and gas industries in the UK. We will, through the acquisition, introduce our product portfolio and service offering and our experience of selling to global customers in the UK. This is the first step in an expansion into a market that is expected to be one of Europe's most rapidly growing economies in 2014. The acquisition, which is expected to be implemented in May, is conditional upon certain events.

Staffan Hanstorp, CEO and President

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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 April 25, 2014 at 08:30.

About Addnode Group AB

Addnode Group provides mission-critical IT solutions to selected markets in both private and public sectors. We acquire, build and manage companies that deliver mission-critical 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, Serbia, India and USA. In 2013 net sales totaled SEK 1 444 M. Addnode's Series B share is listed on the OMX Nordic List, Small Cap. More information about Addnode Group on www.addnodegroup.com.