

# *Tecnotree Corporation* **Half Year Financial Report** **January - June 2016**

12 August, 2016



# Summary of the Report

	Q2 2016	Q2 2015	1-6 2016	1-6 2015
Net sales	16.2	17.1	29.2	34.2
Orders received	17.8	6.4	32.2	32.7
Order backlog			29.8	37.4
EBIT	1.0	1.5	-1.4	2.5
Adjusted net income	-1.1	-2.9	-6.2	-3.3
Net income	-2.6	-1.7	-7.1	-5.0
Cash flow after investments	-0.4	2.8	-2.3	3.6

## Q2 2016

- Net sales increased by 0.9 MEUR in MEA & APAC but dropped by 1.8 MEUR in Europe & Americas
- Tecnotree won a contract to supply the Tecnotree Agility TM Mediation and Interconnect system to Nepal Telecom and obtained an order from Emtel Mauritius, a part of Airtel Group, for expansions to the operator's reachability and content management
- The deadline for filing the modified corporate restructuring program was extended till 30 September

## Half Year 2016

- The net sales and EBIT include 0.5 MEUR worth foreign exchange losses booked vs. gains of 1.9 MEUR in H1 2015
- A cost savings plan has been started with annual savings in personnel costs worth 5.0 MEUR, corresponding to 100 man years

# Adjusted Income Statement

M€	4-6 2016	4-6 2015	1-6 2016	1-6 2015
Net sales	16.2	17.1	29.2	34.2
Other operating income	0.0	0.0	0.0	0.1
Total revenue	16.2	17.1	29.2	34.2
Adjusted operating expenses*	-15.2	-15.7	-30.6	-31.4
Adjusted operating result	1.0	1.5	-1.4	2.8
- One-time costs				-0.3
Operating Result	1.0	1.5	-1.4	2.5
- Financial items excluding exchange rate gains and losses	-1.0	-1.7	-2.8	-2.2
- Income taxes	-1.1	-2.7	-2.0	-3.6
Adjusted net income	-1.1	-2.9	-6.2	-3.3
+/- Exchange rate gains and losses in financial items**	-1.5	1.2	-0.9	-1.7
Net income	-2.6	-1.7	-7.1	-5.0

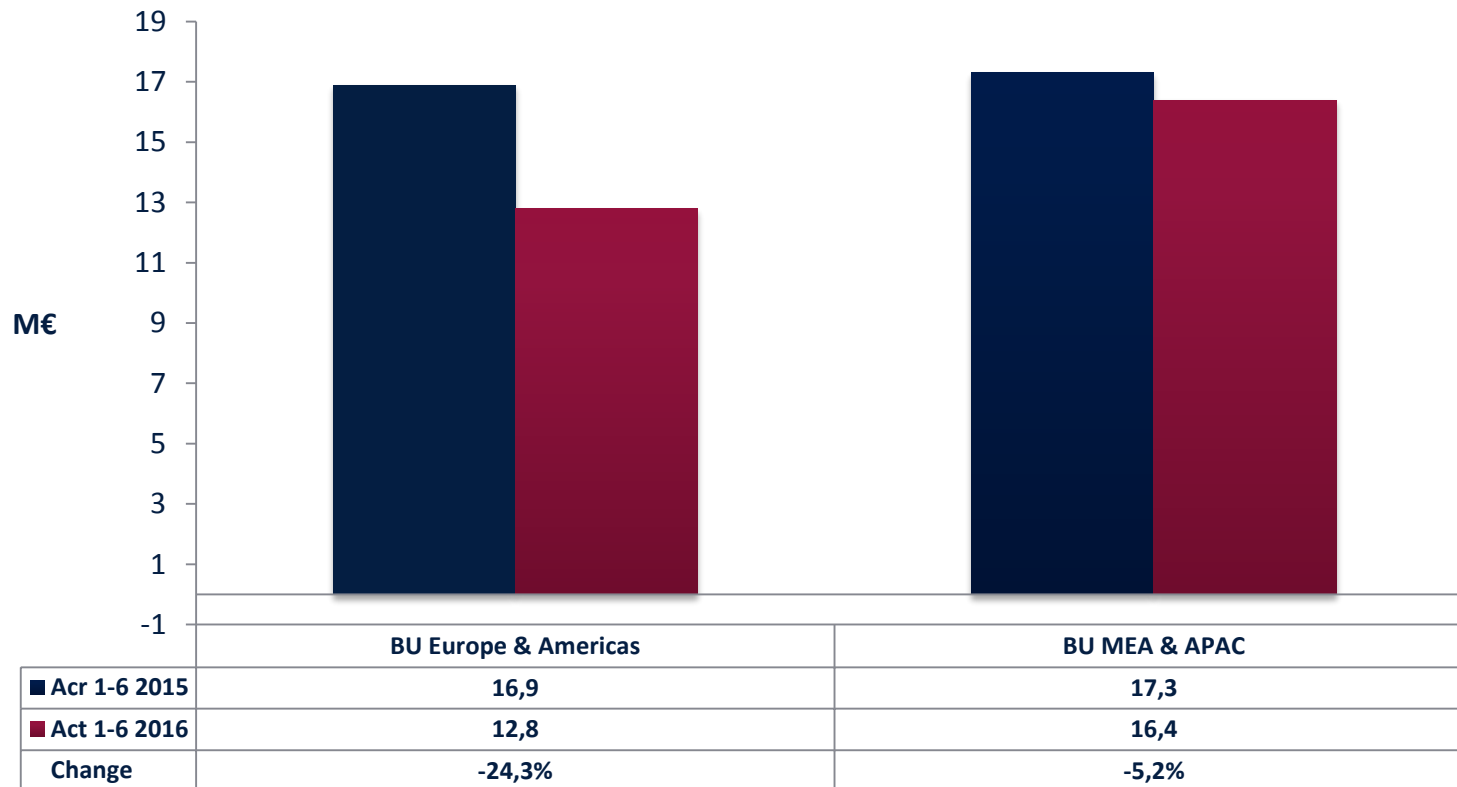
\* Operating expenses less one-time costs

\*\* Mainly for receivables by subsidiaries from the parent company without cash flow impact

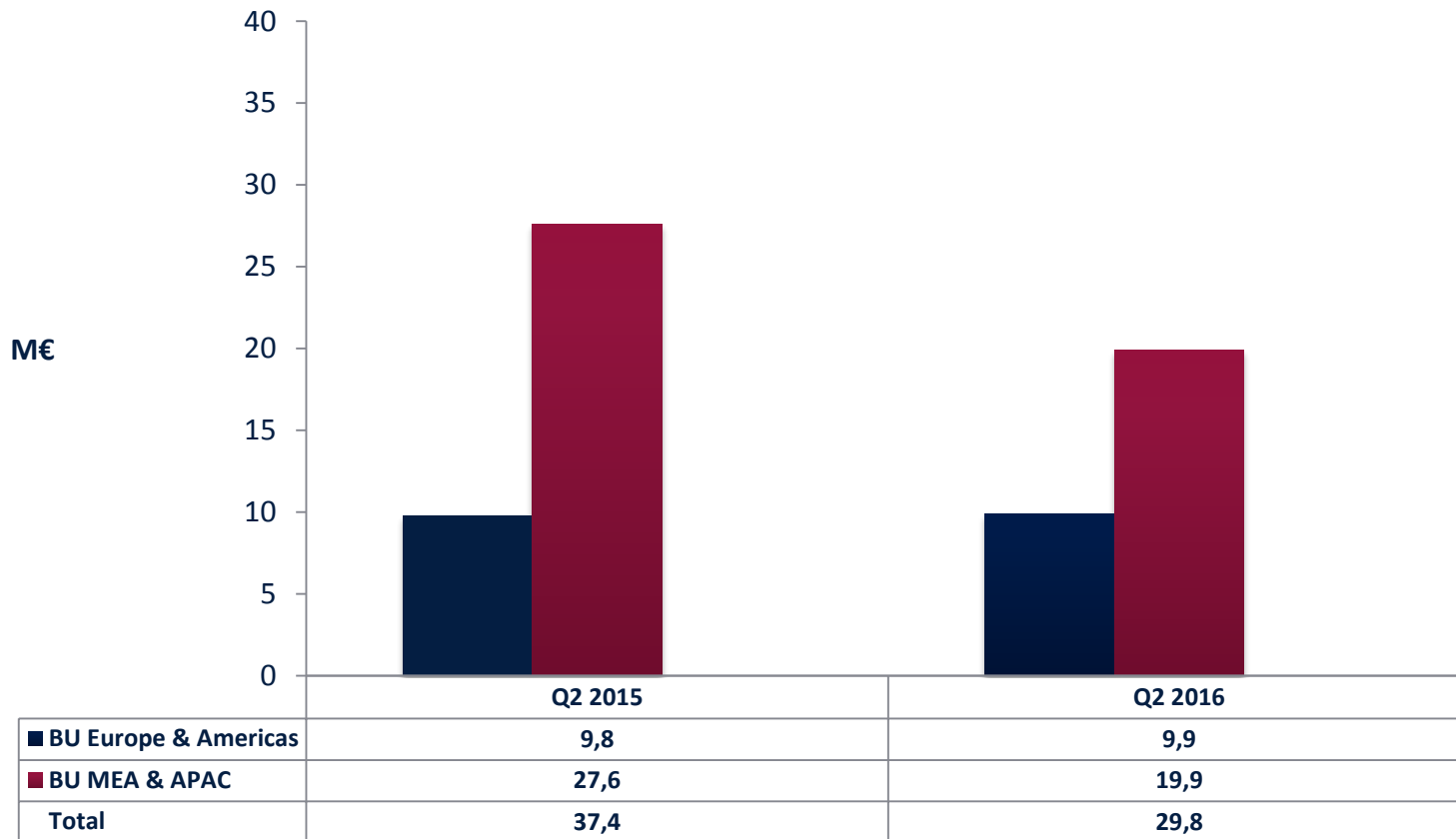
# Consolidated Income Statement

M€	4-6 2016	4-6 2015	1-6 2016	1-6 2015
Net sales	16.2	17.1	29.2	34.2
Other operating income	0.0	0.0	0.0	0.1
Materials and services	-1.6	-2.0	-3.2	-3.1
Employee benefit expenses	-8.1	-8.3	-16.5	-17.0
Depreciation	-0.2	-0.2	-0.5	-0.5
Other operating expenses	-5.2	-5.2	-10.4	-11.1
Operating result	1.0	1.5	-1.4	2.5
Financial income and expenses	-2.5	-0.5	-3.7	-3.9
Result after financial income and expenses	-1.4	1.0	-5.1	-1.4
Income taxes	-1.1	-2.7	-2.0	-3.6
Result for the period	-2.6	-1.7	-7.1	-5.0

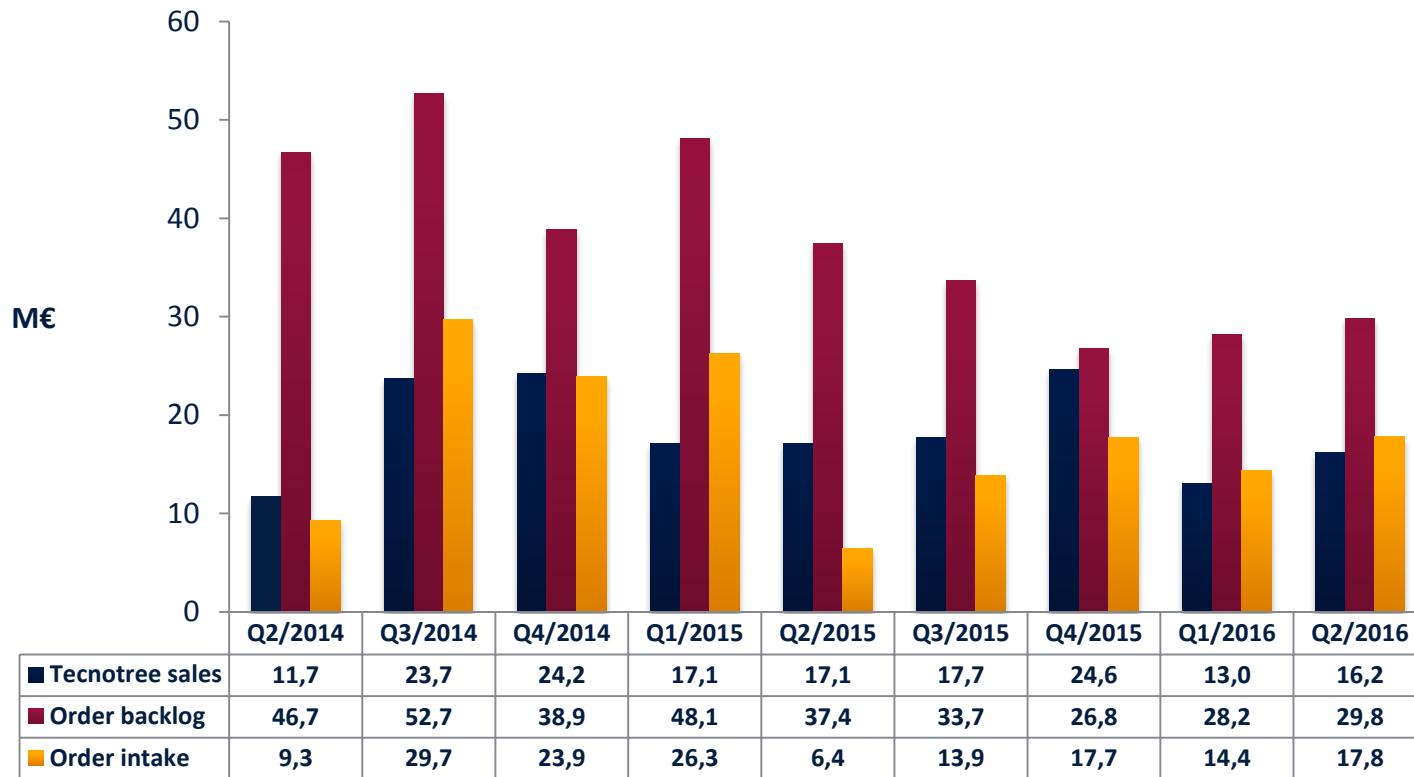
# Net Sales by Business Units



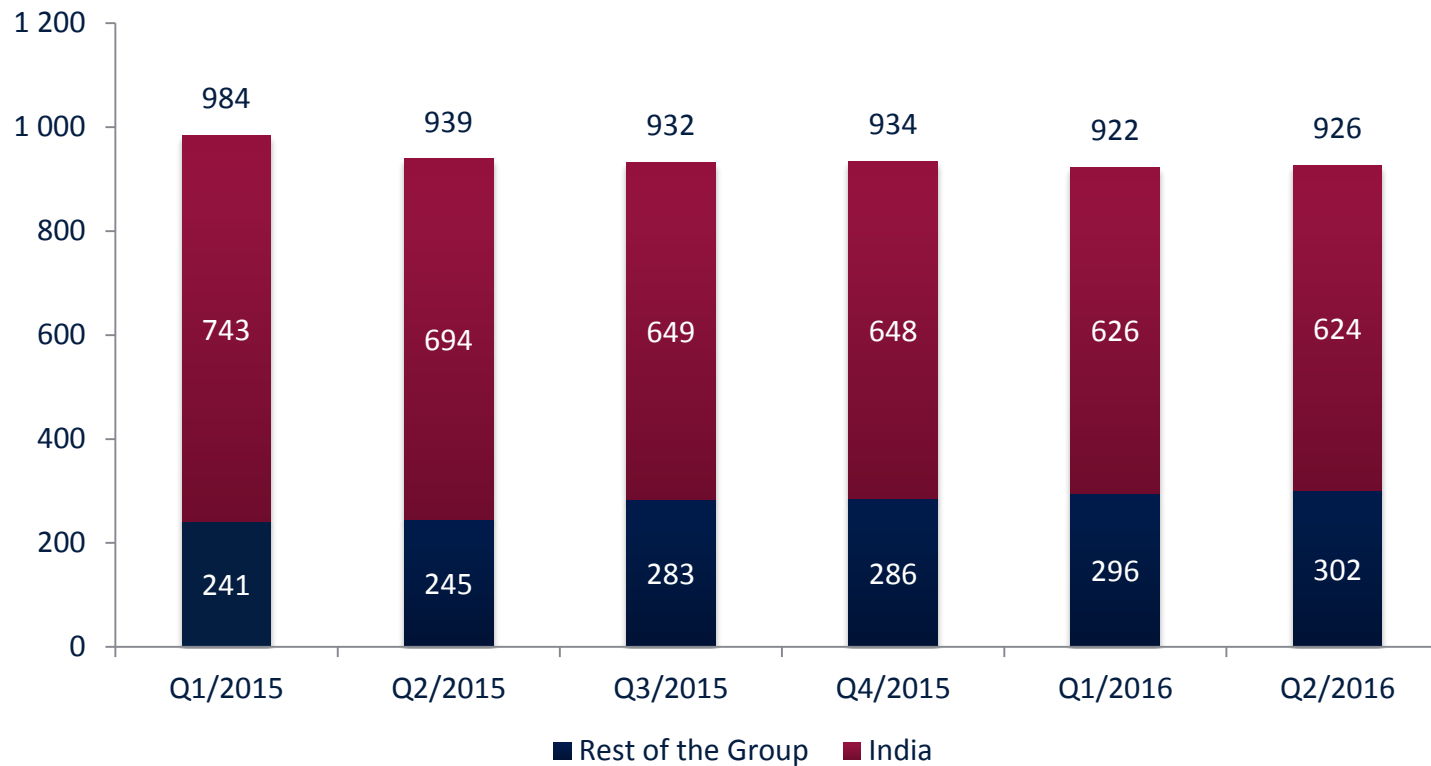
# Order Book by Business Units



# Sales and Orders



# Number of Personnel





# Consolidated Balance Sheet

M€	30.6.2016	30.6.2015	Change %
Non-current assets			
Fixed assets	3.9	3.8	4.5
Consolidated goodwill	17.0	17.7	-4.2
Other non-current assets	1.8	3.0	-40.0
Current assets			
Inventories	0.8	0.8	-3.3
Trade receivables	12.1	8.3	44.7
Other receivables	31.1	35.7	-12.7
Investments			
Cash and cash equivalents	3.1	5.6	-45.3
Total assets	69.8	74.9	-6.9

# Consolidated Balance Sheet

M€	30.6.2016	30.6.2015	Change %
Shareholder's Equity	9.2	14.7	-37.6
Non-current Liabilities			
Interest-bearing liabilities	0.4		
Deferred tax liabilities		3.4	
Other non-current liabilities	1.9	1.8	4.9
Current Liabilities			
Interest-bearing liabilities	32.3	32.3	0.1
Non-interest-bearing liabilities	26.0	22.7	14.4
Equity and Liabilities	69.8	74.9	-6.9

# Prospects for **2016**

- The company estimates that its net sales and operating result will be lower than in the previous year. The weak state of the market in Latin America is a particular factor in this decline.
- Tecnotree has decided to start a cost savings plan with the target to reduce personnel costs by 5.0 million euros, representing 100 man years. A part of the savings will happen in 2016 when one-time costs for these action will also happen. The savings will have a full impact in 2017.
- As in previous years, variations in the quarterly figures are estimated to be considerable.





*Thank you*

**TECNOTREE**

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