

Tecnotree Corporation

Short Report

January-September 2016

28 October 2016



Summary of the Report

	Q3 2016	Q3 2015	1-9 2016	1-9 2015
Net sales	16.2	17.7	45.4	51.9
Orders received	10.2	13.9	42.4	46.6
Order backlog			23.9	33.7
EBIT	0.8	2.7	-0.5	5.3
Adjusted net income	-0.8	-0.0	-7.0	-3.4
Net income	-1.1	1.9	-8.2	-3.1
Cash flow after investments	-2.4	-1.7	-4.7	1.9

Q3 2016

- Net sales increased by 1.0 MEUR in MEA & APAC but dropped by -2.5 MEUR in Europe & Americas.
- South East African Operator selected Tecnotree for customer experience driven BSS Transformation. The order is worth USD 8 million and deliveries are expected to be completed in 2017.
- The Administrator of the corporate restructuring of Tecnotree filed the draft restructuring programme to the District Court of Espoo on 30 September.

1-9 2016

- The net sales and EBIT include 0.7 MEUR worth foreign exchange losses booked vs. gains of 1.8 MEUR in 1-9 2015.
- The cost savings plan is on-going with annual savings in personnel costs worth 5.0 MEUR, corresponding to 100 man years

Adjusted Income Statement

M€	7-9 2016	7-9 2015	1-9 2016	1-9 2015
Net sales	16.2	17.7	45.4	51.9
Other operating income	0.0	0.0	0.1	0.1
Total revenue	16.2	17.7	45.4	51.9
Adjusted operating expenses*	-14.4	-15.0	-45.0	-46.4
Adjusted operating result	1.8	2.7	0.5	5.6
- One-time costs	-1.0		-1.0	-0.3
Operating Result	0.8	2.7	-0.5	5.3
- Financial items excluding exchange rate gains and losses	-0.8	-0.9	-3.6	-3.2
- Income taxes	-0.8	-1.8	-2.8	-5.4
Adjusted net income	-0.8	-0.0	-7.0	-3.4
+/- Exchange rate gains and losses in financial items**	-0.3	2.0	-1.2	0.3
Net income	-1.1	1.9	-8.2	-3.1

* Operating expenses less one-time costs

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

Consolidated Income Statement

M€	7-9 2016	7-9 2015	1-9 2016	1-9 2015
Net sales	16.2	17.7	45.4	51.9
Other operating income	0.0	0.0	0.1	0.1
Materials and services	-0.7	-1.1	-3.9	-4.2
Employee benefit expenses	-8.4	-8.4	-24.9	-25.4
Depreciation	-0.2	-0.2	-0.7	-0.7
Other operating expenses	-6.1	-5.3	-16.5	-16.4
Operating result	0.8	2.7	-0.5	5.3
Financial income and expenses	-1.1	1.0	-4.9	-2.9
Result after financial income and expenses	-0.3	3.8	-5.4	2.4
Income taxes	-0.8	-1.8	-2.8	-5.4
Result for the period	-1.1	1.9	-8.2	-3.1

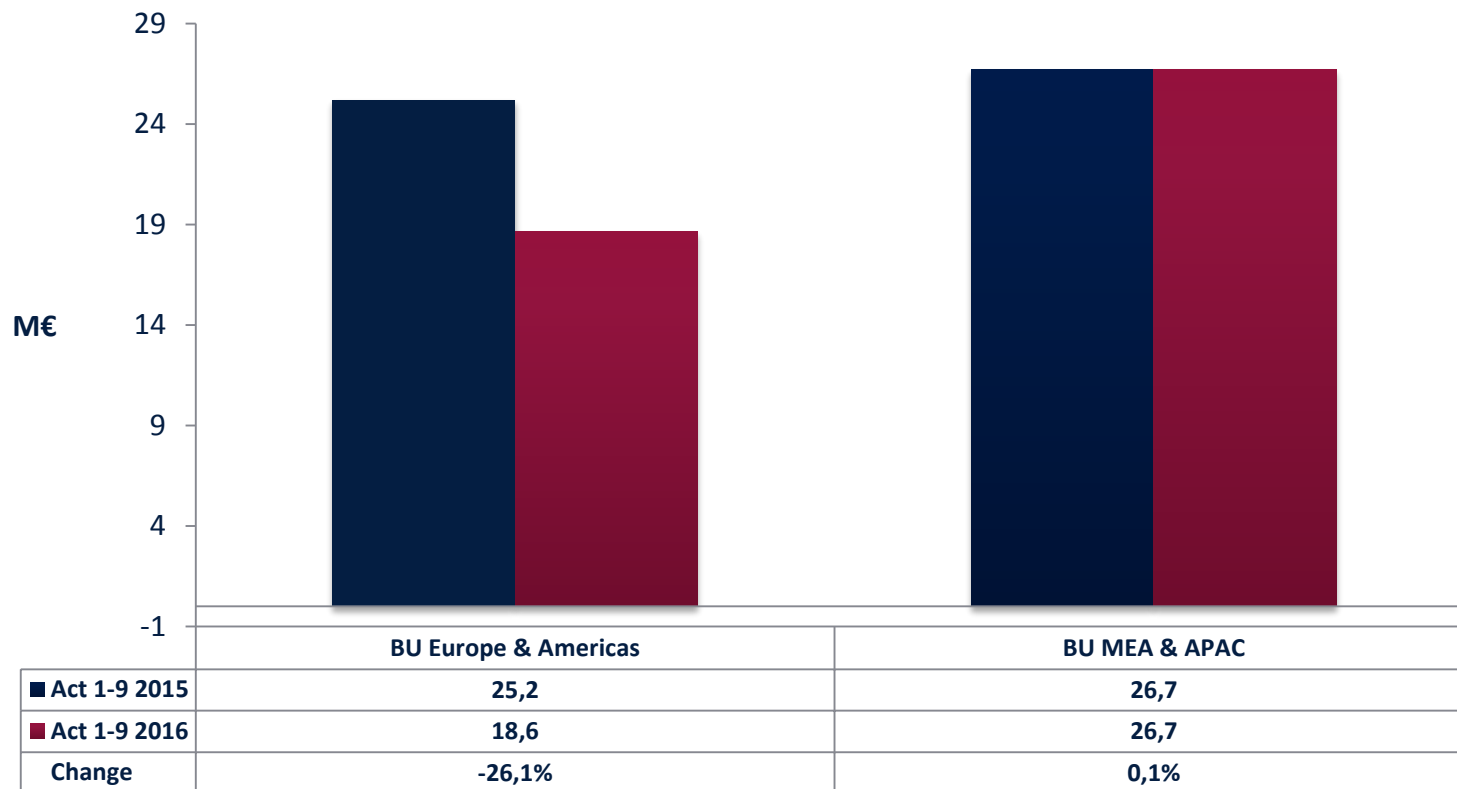
Consolidated Balance Sheet

M€	30.9.2016	30.9.2015	Change %
Non-current assets			
Fixed assets	3.7	4.0	-5.9
Consolidated goodwill	17.1	17.2	-1.0
Other non-current assets	1.8	3.1	-40.1
Current assets			
Inventories	0,7	1.2	-42.9
Trade receivables	14.5	12.1	19.5
Other receivables	32.4	33.4	-3.1
Investments			
Cash and cash equivalents	1.0	3.2	-68.5
Total assets	71.2	74.2	-4.1

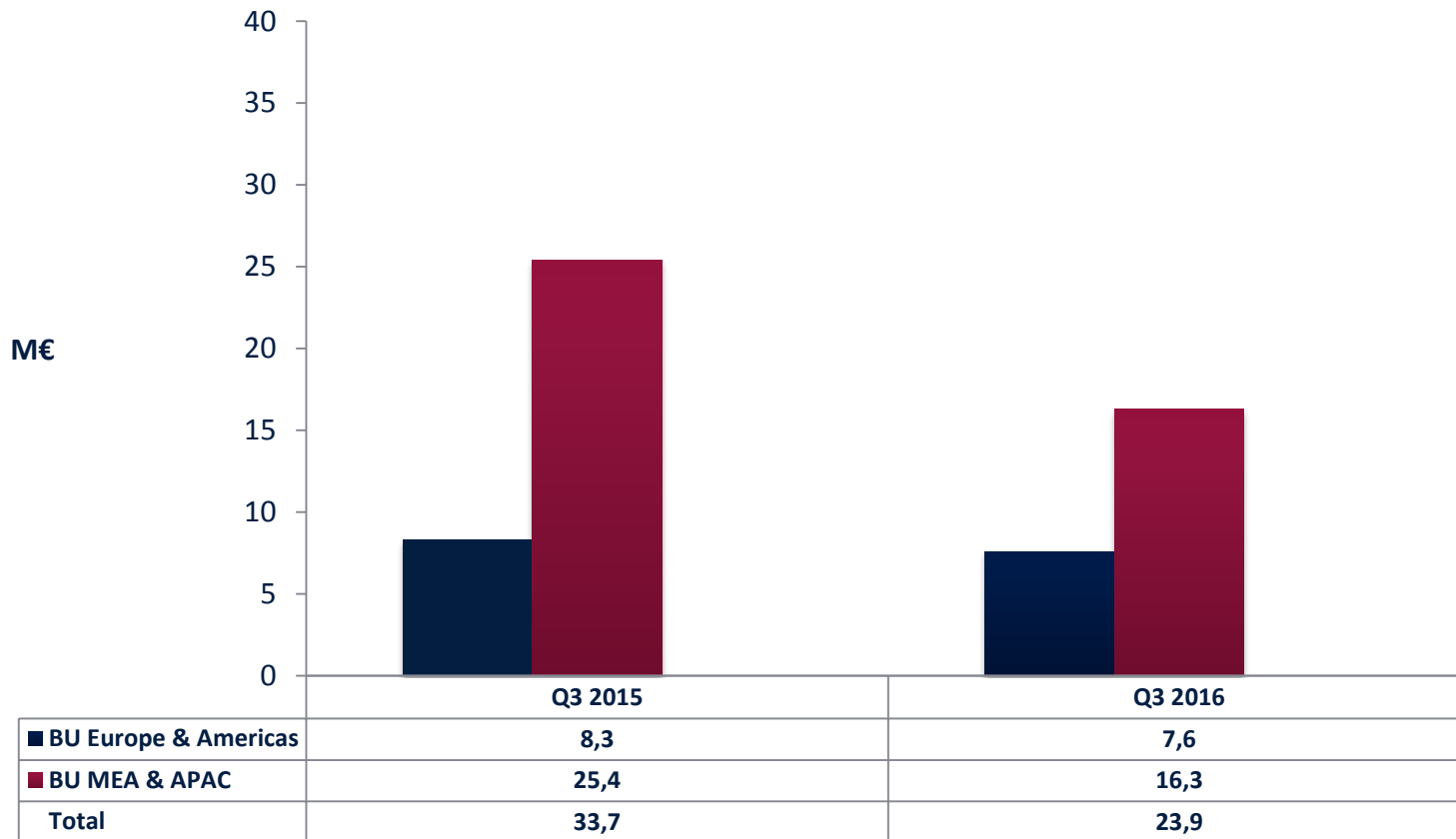
Consolidated Balance Sheet

M€	30.9.2016	30.9.2015	Change %
Shareholder's Equity	8.1	14.0	-41.8
Non-current Liabilities			
Interest-bearing liabilities	0.4		
Deferred tax liabilities		3.6	
Other non-current liabilities	2.0	1.8	10.4
Current Liabilities			
Interest-bearing liabilities	33.1	31.8	4.0
Non-interest-bearing liabilities	27.6	23.0	19.9
Equity and Liabilities	71.2	74.2	-4.1

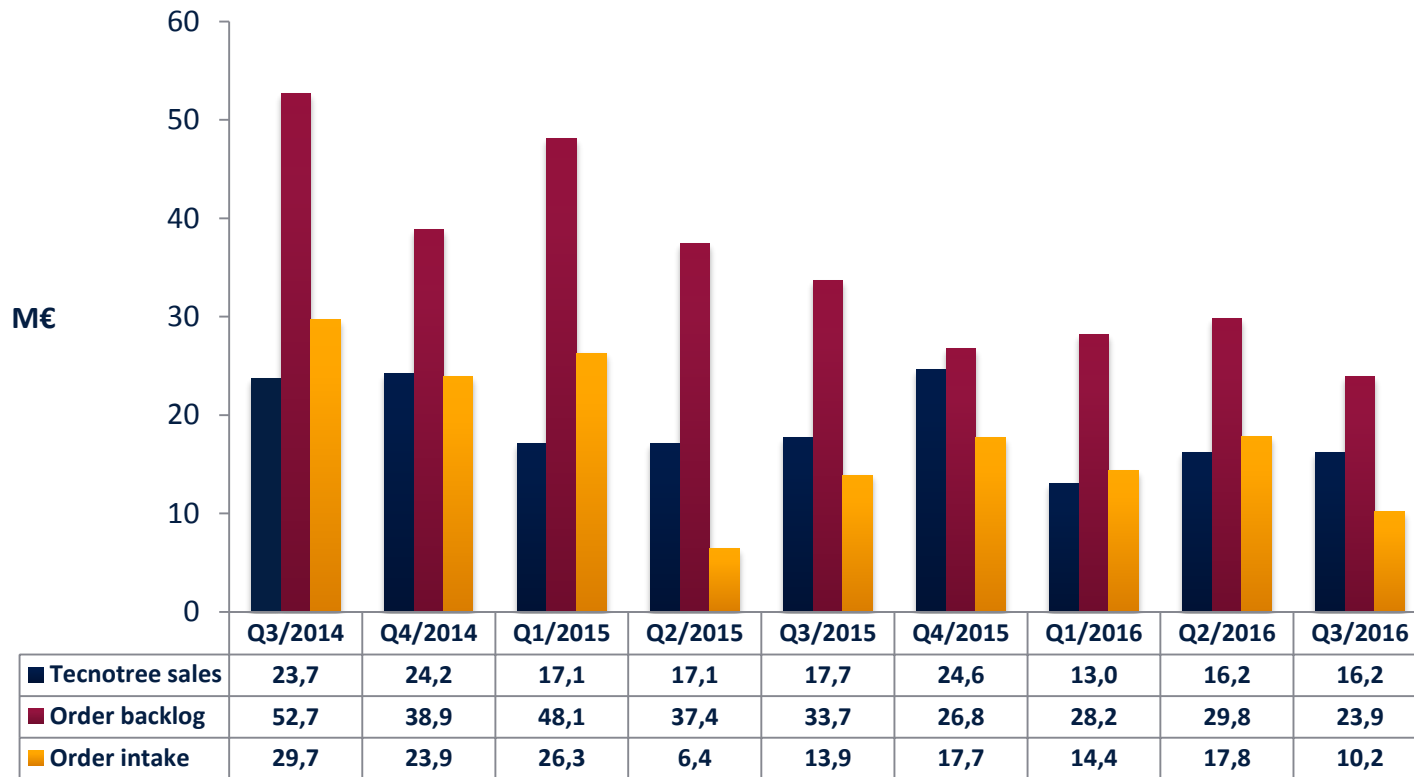
Net Sales by Business Units



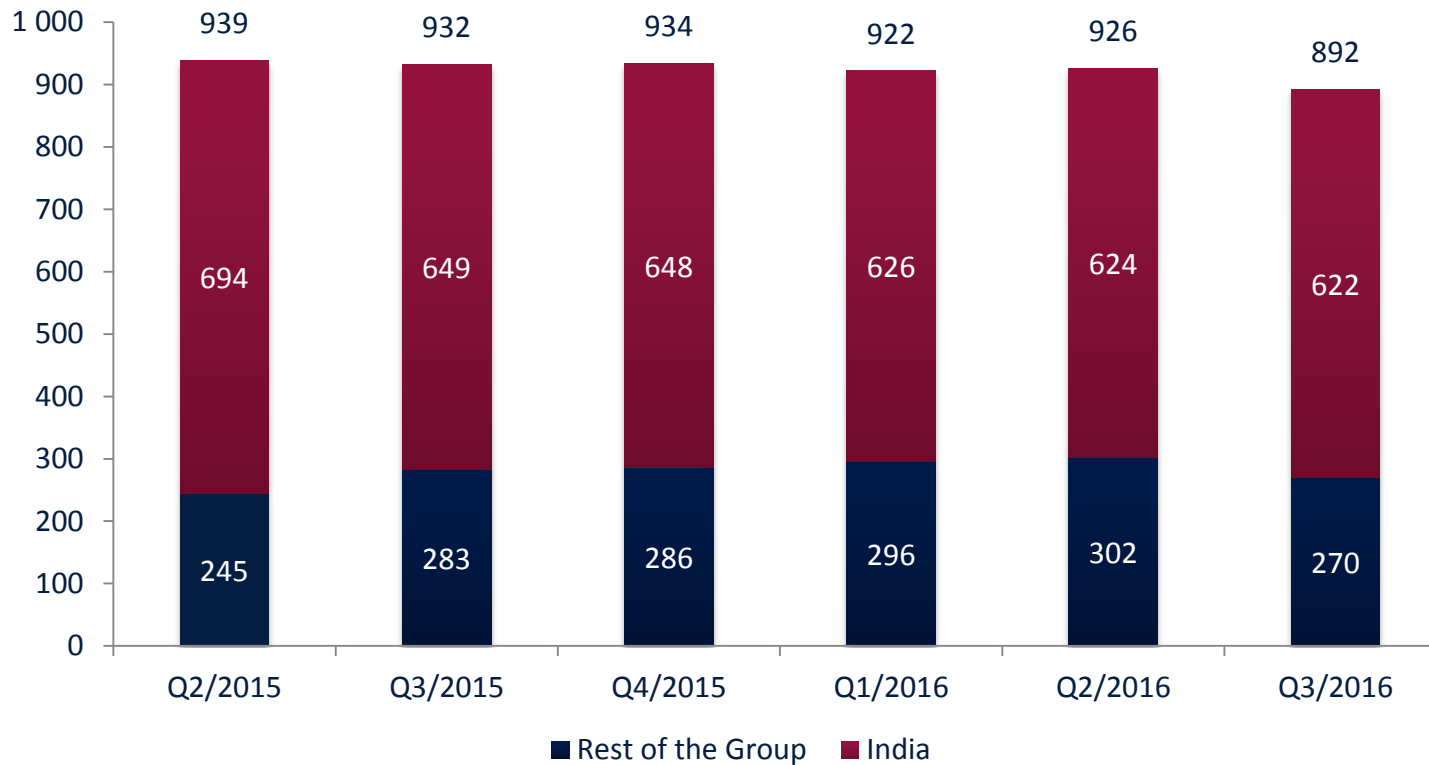
Order Backlog by Business Units



Sales and Orders



Number of Personnel



Prospects for **2016**

- The company estimates that its net sales and operating result will be clearly lower than in the previous year. The weak state of the market in Latin America is a particular factor in this decline. The company continues to be financially very constrained and the liquidity will remain very tight.
- Tecnotree started 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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