QPR Software
January – June 2019 Financial Results

QPR1V: (Nasdaq Helsinki)
QPR Software In Brief

- Software and solution provider specialized in process mining, process and enterprise architecture modeling, and performance management
- Founded in 1991, headquarters in Helsinki, Finland. Listed on NASDAQ Helsinki.
- Customers in over 50 countries
- Own R&D, located in Helsinki and Oulu, Finland
- Software product portfolio renewed in recent years, funded from cashflow
  - New process mining software and new User Interface for all software products
  - Extension of process modeling product to enterprise architecture product
- Several patents in the US for our process mining technology
- Software accounts for 70%, implementation 10%, and consulting 20% of net sales
January – June 2019 Financial Results

- Net sales amounted to EUR 5,033 thousand (H1 2018: 5,154)
  - Process mining software QPR ProcessAnalyzer’s net sales grew by 45%
  - Group net sales decreased by 2% due to decline in modeling and performance management software net sales

- Investments and outlays into growth business areas continued
  - EBITDA 13% of net sales (15)
  - Operating profit EUR 29 thousand (282) and 0.6% of net sales (5.5)
    - Depreciation grew by 30%, which was mainly due to adoption of the new IFRS 16 accounting standard

- Profit for the reporting period EUR 43 thousand (40)

- Outlook for the year 2019 remains unchanged
April – June 2019 Financial Results

- Net sales amounted to EUR 2,285 thousand (Q2 2018: 2,272).
  - Process mining software QPR ProcessAnalyzer's net sales growth was strong
  - Group net sales growth remained small due to decline in modeling and performance management software net sales
- Investments and outlays into growth business areas continued
  - EBITDA 7% of net sales (5)
  - Operating profit EUR -158 thousand (-118) and -7% of net sales (-5)
- Result for the quarter EUR -98 thousand (-85)
Outlook 2019

Business Outlook
- Demand for process mining and analytics software and related services will continue to grow rapidly in 2019.
- Competition in software business for process and enterprise architecture modeling and performance management is expected to remain tight in developed markets.

Financial Outlook
- We estimate our net sales to grow in 2019 (2018: EUR 10,047 thousand).
- The most significant sources for growth are:
  - International process mining software sales of QPR ProcessAnalyzer.
  - Consulting services supporting QPR’s software business in Finland.
- Growth in quarterly reports is estimated to have significant variance, and it is impacted especially by the closing times of large software deals.
- Due to investments in growing business segments we estimate that:
  - Operating result will be lower than in the previous year, while still remaining positive (2018: 5.2% of net sales).
Process mining market is growing strongly, driven by synergies with process automation

- According to Gartner Market Guide for Process Mining, QPR has “one of the leading offerings” in the market
- Recent forecast sees 50.3% compound market growth 2018-2023 to over USD 1.4 billion
- The market size in 2018 was USD 100 - 200 million

Digital transformation drives demand for consulting and modeling software business
Strategic Targets

- Our target is to reach in average **15 – 20% annual growth** in the next three years
  - The target is mainly based on growth in international software sales and from consulting services in Finland

- In **process mining** we aim at leading position and **target over 50% annual sales growth**

- Strong and stable cash flow from **process and EA modeling software** business in Finland and **performance management software** sales in reseller channel

- Consulting services in Finland provide **growth and excellent synergies** with Finnish software business
  - QPR offers its customers a unique combination of product, methodology, and consulting services
Business Models

Growth Business, Software

- Process Mining
  - QPR ProcessAnalyzer

Highly Profitable, Established SW Business

- Performance Management SW
  - QPR Metrics

- Modeling Software
  - QPR ProcessDesigner
  - QPR EnterpriseArchitect

Consulting Business

- Business Optimization
A Sample of Our Customers

- Patria
- Telia
- Outotec
- Fazer
- Cognizant
- PIRAEUS BANK
- FENNO VOIMA
- ST1
- NOKIAN TYRES
- VAISALA
- oleon
- allnex
- STEDIN
- UPM
- VISMA
- NOKIA
- ERICSSON
- KONECRANES
- TERUMO
- WÄRTSILÄ
- RUUKKI
- Metsä
- GREENYARD
- WIPAK
- VATTENFALL
- CARGOTEC
- ASM
- NUON
- Roche
- Kemira
- QPR
Dare to improve.