



QPR Software Q1 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. 54% of net sales from Finland, 46% from ROW
- 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.

Q1 2019 Financial Results

- Net sales amounted to EUR 2,748 thousand (Q1 2018: 2,882).
 - **Process mining software QPR ProcessAnalyzer's net sales increased over 50%, in line with our strategic targets.**
 - International channel net sales decreased compared to a very strong January – March 2018 quarter, when several large performance management software deals were closed in reseller channel.
- Investments and outlays into growth business areas continued
 - EBITDA 18% of net sales (22)
 - Operating profit 7% of net sales (14)
- Profit for the quarter EUR 141 thousand (124).
- Outlook for the year 2019 remains unchanged.

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.
 - However, growth potential for these products is available in developing markets.

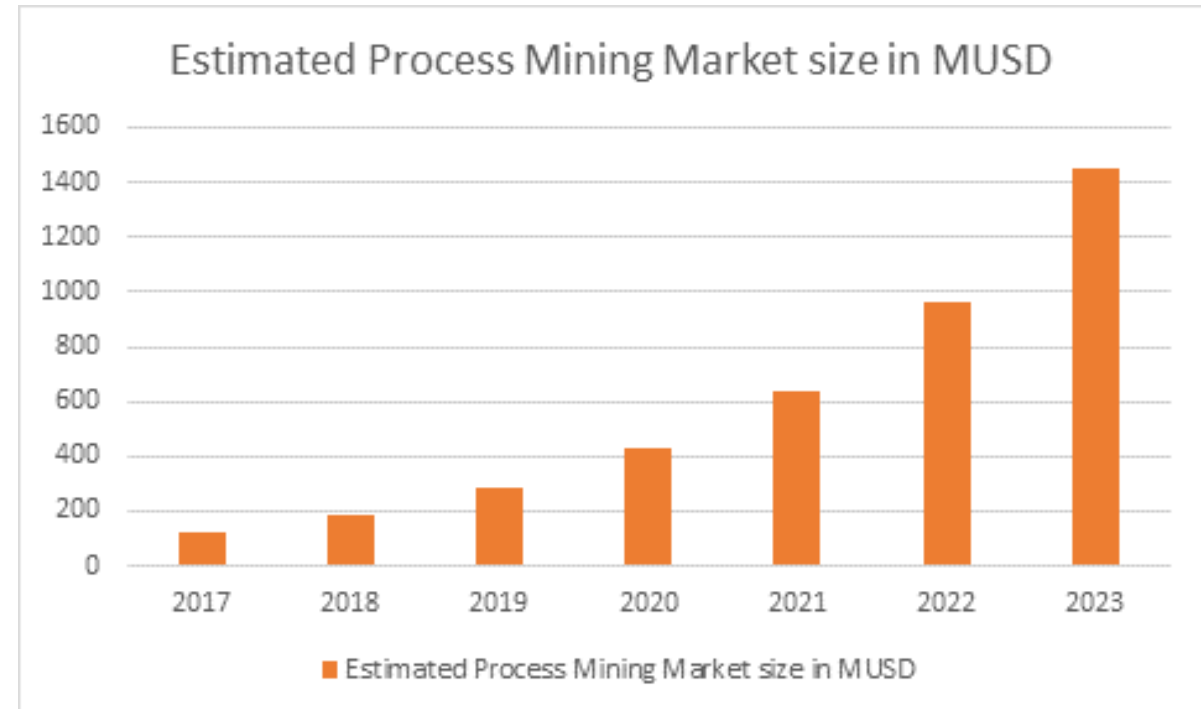
Financial Outlook

- 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).

QPR's Business Environment

Good Positions In Growth Markets

- 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.
 - Both SaaS and onsite installations offered
- Strong and stable cash flow from **process and EA modeling software** business in Finland and **performance management software** sales in reseller channel.
 - Almost 80% of this software revenue is recurring
- Consulting services in Finland provide growth and excellent synergies with Finnish software business
 - Combination of product, methodology and consultants

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



Outotec

Fazer



**FENNO
VOIMA**



VAISALA

oleon
a natural chemistry



NOKIA

ERICSSON 



UPM



RUUKKI

KONECRANES

TERUMO

WÄRTSILÄ



Metsä

GREENYARD 

WIPAK

VATTENFALL 



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Dare to improve.