

## Enfo Oyj's interim report 3/2009 (1 January–30 September 2009)

### Key points of the interim report

- Turnover in July–September decreased by 13.0% and stood at EUR 28.5 million (32.7). In January–September, turnover fell by 8.2% to EUR 98.8 million (107.7).
- Operating profit (EBIT) in July–September increased by 36.0% and stood at EUR 1.7 million (1.3). Operating profit in January–September stood at EUR 4.6 million (6.1).
- Profit before taxes in July–September amounted to EUR 1.3 million (0.8). In January–September, profit before taxes stood at EUR 2.9 million (4.6).
- Earnings per share in July–September were EUR 1.74 (1.06). Earnings per share in January–September were EUR 3.88 (5.97).
- Twelve-month return on investment was 8.5% (14.7).
- In January–September, Enfo Group employed an average of 674 people (696). At the end of September, the Group employed a total of 686 people (704).
- Uncertainty continues in the IT market, and price competition is hampering market growth in the industry. While the general economic uncertainty continues, the company's turnover and profitability will decrease from the figures for 2008. The aim is to retain sufficient cash flow for the company and develop internal operations to improve profitability.

### Market

During this summer, the development of the global economy has shown signs of stabilisation. Furthermore, increases in stock exchange quotations indicate positive expectations. However, businesses' expectations continue to be at an exceptionally low level. In the near future, customers' IT investments will continue to be directed at services that serve to achieve cost savings in the short term. According to the company's estimate, the Finnish and Swedish IT market will be reduced by about 3% in 2009. In particular, the demand for hardware sales and IT consultation services will decrease significantly.

### Group structure

Enfo Oyj is the parent company of Enfo Group. Enfo's business operations are divided into two separately reported lines of business – IT Services and Solutions, and Information Logistics Services. In the new management and reporting model, IT System and Application Services and IT Infrastructure Services, which were previously reported separately, are now combined into the single IT Services and Solutions segment. Enfo's Swedish business operations are reported as part of the IT Services and Solutions unit.

### Business development

Enfo's IT Services and Solutions segment succeeded well in their business operations in Finland, even though the price competition on the Finnish IT outsourcing market stepped up during the reporting period. The IT Services and Solutions segment strengthened its position in providing IT services for the energy industry as Savon Voima, one of the largest sellers of energy services in Finland, outsourced all of its ICT services to Enfo. In the outsourcing process, four Savon Voima employees who were responsible for the ICT services were transferred to Enfo. This is one of the first large-scale ICT packages in the energy industry that have been outsourced to an IT service company. Windows 7 projects significantly increase employment in the IT expert services. Enfo was among the first service providers in Finland to launch Windows 7 projects for its customers. An agreement on the transition to the Windows 7 workstation environment has been

signed with OpusCapita, a company which produces software for financial and funds process management. Hardware sales continue poorly without any improvement in sight. In application services, business operations are in good progress, and the outlook is positive.

In the Information Logistics Services, business operations have developed steadily. Electronic invoicing services have increased in volume, while demand has remained at a good level. Paper printing has maintained its position alongside electronic services, and printing volumes have improved steadily. The Information Logistics Services segment signed new customer agreements with Tampereen Tietotekniikkakeskus and the telecommunications and media group, Aina Group Oyj.

Price competition on the Swedish IT market has continued to be tough. The strong investment in the improvement of sales in the Swedish operations has produced results despite the poor situation in the IT market. At the end of the reporting period, Enfo's Swedish business units signed significant agreements with SonyEricsson, Tele2 and the Stockholm County Council. In addition, Enfo acts as Volvo IT's partner in the large IT project in the City of Stockholm. Furthermore, Windows 7 projects are raising interest among customers in Sweden.

### Turnover

Enfo Group's turnover in July–September decreased by 13.0% and stood at EUR 28.5 million (32.7). In January–September, the Group's turnover fell by 8.2% to EUR 98.8 million (107.7). The decrease in turnover was affected by poorer demand for IT operations in the middle of the economic recession. Furthermore, the development of the Information Logistics Services has slowed down slightly.

#### *Development of turnover by reporting segment*

EUR million	7–9/2009	7–9/2008	1–9/2009	1–9/2008	1–12/2008
IT Services and Solutions	21.8	25.7	78.2	87.2	115.3
Information Logistics Services	7.2	7.6	22.3	22.7	31.0

Turnover of Enfo IT Services and Solutions decreased by 15.3% in July–September and stood at EUR 21.8 million (25.7). In January–September, turnover of the IT Services and Solutions decreased by 10.3% and stood at EUR 78.2 million (87.2). The decrease in turnover reflects a poorer demand for IT operations in Sweden caused by the general economic situation. In Finland, the decline in turnover has resulted from poorer demand for IT equipment.

Turnover of the Information Logistics Services in July–September amounted to EUR 7.2 million (7.6), representing a decrease of 4.7%. In January–September, turnover decreased by 2.0% and stood at EUR 22.3 million (22.7). The decrease in turnover of the Information Logistics Services was affected by decelerated development of the general economic situation.

### Profitability

Enfo Group's operating profit increased by 36.0% in July–September and stood at EUR 1.7 million (1.3), representing 6.0% of turnover (EUR 1.3 million and 3.8%). The Group's operating profit in January–September amounted to EUR 4.6 million (6.1), comprising 4.7% of turnover (5.6%). The decrease in operating profit in January–September was influenced by poorer demand on the Swedish IT market because of the general economic situation. Internal cost savings and improved operational efficiency have had a positive effect on the Group's profitability. A write-off of intangible rights worth EUR 1.8 million related to the acquisition of Enfo Sweden AB is recognised in the Group's operating profit (IFRS 3).

The Group's profit before taxes in July–September stood at EUR 1.3 million (0.8), comprising 4.6% of turnover (2.4%). In January–September, profit before taxes amounted to EUR 2.9 million (4.6), comprising 3.0% of turnover (4.3%). The Group's net financing costs stood at EUR 0.4 million (0.5) in July–September and EUR 1.7 million (1.5) in January–September. The result in January–September was EUR 1.0 million (0.6). In January–September, the result was EUR 2.2 million (3.4), comprising 2.2% of turnover (3.1%). Earnings per share in July–September were EUR 1.74 (1.06). Earnings per share in January–September were EUR 3.88 (5.97).

#### *Development of operating profit by reporting segment*

EUR million	7–9/2009	7–9/2008	1–9/2009	1–9/2008	1–12/2008
IT Services and Solutions	0.6	0.7	1.7	4.4	5.3
Information Logistics Services	1.1	0.7	3.1	2.3	3.2

Enfo IT Services and Solutions' operating profit in July–September remained at the same level as in the same period last year. Operating profit in January–September is poorer than last year because demand on the Swedish IT market has been poor. In Finland, the development of the IT service market is more positive, and demand has remained at a good level. Hardware sales have been in steep decline in Finland.

The Information Logistics Services segment's operating profit in July–September improved considerably compared with the same period last year. In addition, operating profit in the first nine months has developed favourably. The positive development of operating profit has been influenced by the success of the electronic invoice services on the market, printing volumes, and the improved efficiency and cost savings in internal operations.

#### **Financing and investments**

Enfo's net financing costs stood at EUR 0.2 million (0.3) in July–September and EUR 1.0 million (46.4) in January–September. The company's equity ratio was 34.5% (29.6%) at the end of September. Interest-bearing net liabilities at the end of September amounted to EUR 31.0 million (37.9) and net gearing was 92.3% (115.2%).

#### **Personnel**

In January–September, Enfo Group employed an average of 674 people (696). At the end of September, the Group employed a total of 686 people (704).

Enfo's IT Services and Solutions unit employed an average of 578 people in January–September (583), and the Information Logistics Services unit employed an average of 82 people (92). Of Enfo's personnel, 409 (441) were employed in Finland and 265 (261) in Sweden during the review period.

#### **Board of Directors and management**

Enfo Oyj's Chairman of the Board of Directors is Tapio Hakakari, Managing Director of Webstor Oy. The other members of the Board of Directors are: Hannu Isotalo, Chairman of the Board of Directors of Lujatalo Oy; Helena Piispa; Ossi Saksman, Chairman of the Board of Directors of Osuuskunta KPY; and Jorma Tammenaho, Portfolio Manager of Ilmarinen Mutual Pension Insurance Company.

The Management Team of Enfo Group includes: Managing Director Arto Herranen, Finance Director Kati Kokkonen, HR Director Maria Lundell, Development Director Pertti Silén, Director of Finnish Operations Osmo Wilska and Director of Swedish Operations Johan de Verdier.

**Shares**

On 30 September 2009, the total number of Enfo Oyj shares was 564,256 shares. An increase of 3,000 shares was registered in the total number of shares on 28 August 2009. At the end of September, the company had a total of 96 shareholders. The company has one series of shares. The company owned 140 of its treasury shares at the end of September 2009.

As of the end of September, the company's ten largest owners were Osuuskunta KPY, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Enfo Oyj's Personnel Fund HR, Einari Vidgren Oy, Keski-suomalainen Oyj, Kuopio Cooperative Bank, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 85.6%.

**Forecast of likely future development**

Uncertainty continues in the IT market, and price competition is hampering market growth in the industry. While the general economic uncertainty continues, the company's turnover and profitability will decrease from the figures for 2008. The aim is to retain sufficient cash flow for the company and develop internal operations to improve profitability.

**Risks and uncertainties**

The uncertainty factors and risks in the near future are related to the lengthening of the economic downtrend, as well as the tightening of price competition in the reducing IT market. The investment ability and liquidity of customer companies may also be affected by the lengthening of the economic uncertainty. Through its growth and internationalisation, Enfo Group is exposed to currency and interest rate risks.

**Schedules for financial reporting**

Enfo Oyj will publish a financial statement release on 26 February 2010 concerning the period of 1 January – 31 December 2009. The timetable for financial reporting in 2010 will be published in full, in connection with the financial statement release.

**Tables**

This interim report has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) and the accounting principles published in the Financial Statements. The figures in the tables have been rounded off to the nearest million euros and may not add up to exact totals. The figures presented in the tables are unaudited.

<b>Consolidated income statement</b>					
EUR millions	7–9/09	7–9/08	1–9/09	1–9/08	1–12/08
<b>Turnover</b>	28.5	32.7	98.8	107.7	143.4
Other operating income	0.0	0.0	0.0	0.0	1.7
Production for own use	0.0	0.2	0.0	0.5	0.0
Materials and services	-13.3	-15.4	-49.1	-52.4	-71.3
Employee benefit expenses	-9.3	-10.8	-32.5	-34.4	-45.7
Depreciation, amortisation and impairment	-1.3	-1.4	-3.9	-3.6	-4.9
Other operating expenses	-2.8	-4.1	-8.9	-11.8	-15.8
<b>Operating profit</b>	1.7	1.3	4.6	6.1	7.5
Financial income	0.2	0.1	0.3	0.5	0.8
Finance costs	-0.6	-0.6	-2.0	-1.9	-2.8
<b>Profit before taxes</b>	1.3	0.8	2.9	4.6	5.5
Income tax	-0.3	-0.2	-0.8	-1.2	-1.5
<b>Profit for the period</b>	1.0	0.6	2.2	3.4	4.0
Attributable to					
Equity-holders of the parent company	1.0	0.6	2.2	3.4	4.0
Minority interests	0.0	0.0	0.0	0.0	0.0
Earnings per share, basic and diluted, EUR	1.74	1.06	3.88	5.97	7.05

<b>Statement of comprehensive income</b>			
EUR millions	1–9/09	1–9/08	1–12/08
<b>Profit for the period</b>	2.2	3.4	4.0
Change in the fair value of available-for-sale investments			
Translation difference	2.1	-1.6	-5.5
<b>Other comprehensive income for the period</b>	4.3	1.7	-1.5
Attributable to			
Equity-holders of the parent company	4.3	1.7	-1.5
Minority interests	0.0	0.0	0.0

<b>Consolidated statement of financial position</b>			
EUR millions	30 Sep. 09	30 Sep. 08	31 Dec. 08
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	3.5	4.1	4.2
Goodwill	51.9	53.3	49.7
Other intangible assets	6.5	9.3	8.3
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	1.0	0.5	0.9
<b>Non-current assets, total</b>	<b>63.1</b>	<b>67.3</b>	<b>63.3</b>

<b>Current assets</b>			
Inventories	0.4	0.6	1.2
Trade receivables	20.7	23.3	22.9
Other receivables	3.7	7.9	3.8
Available-for-sale investments	0.3	0.3	0.2
Cash and cash equivalents	10.8	13.8	17.4
<b>Total current assets</b>	<b>35.8</b>	<b>45.8</b>	<b>45.5</b>
<b>Total assets</b>	<b>98.9</b>	<b>113.1</b>	<b>108.8</b>
<b>Equity and liabilities</b>			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Reserve for invested unrestricted equity	0.2	0.0	0.0
Retained earnings	19.8	19.4	16.1
<b>Equity attributable to equity-holders of the parent company, total</b>	<b>33.6</b>	<b>32.9</b>	<b>29.7</b>
<b>Minority interest</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total equity</b>	<b>33.6</b>	<b>32.9</b>	<b>29.7</b>
<b>Non-current liabilities</b>			
Interest-bearing debt	38.0	3.6	3.1
Other payables	1.9	2.3	2.4
<b>Non-current liabilities, total</b>	<b>39.9</b>	<b>5.8</b>	<b>5.6</b>
<b>Current liabilities</b>			
Interest-bearing debt	4.1	48.4	48.4
Trade payables	5.8	8.0	9.2
Other payables	15.5	18.0	16.0
<b>Current liabilities, total</b>	<b>25.4</b>	<b>74.3</b>	<b>73.6</b>
<b>Total liabilities</b>	<b>65.3</b>	<b>80.2</b>	<b>79.2</b>
<b>Total equity and liabilities</b>	<b>98.9</b>	<b>113.1</b>	<b>108.8</b>

<b>Abridged cash flow statement</b>	1–9/09	1–9/08	1–12/08
EUR millions			
<b>Cash flow from operations</b>			
Profit for the period	2.2	3.4	4.0
Adjustments to the profit for the period	6.3	6.2	8.4
Change in working capital	-0.5	-6.3	-0.2
Interest paid and received	-1.3	-1.2	-1.4
Taxes paid	-1.9	0.1	-1.7
<b>Cash flow from operations</b>	<b>4.7</b>	<b>2.2</b>	<b>9.0</b>

<b>Cash flow from investment activities</b>			
Investments in tangible and intangible assets	-1.0	-2.0	-3.6
Subsidiary investments deducted by liquid assets	0.0	-44.4	-46.0
<b>Cash flow from investment activities</b>	<b>-1.0</b>	<b>-46.4</b>	<b>-49.6</b>
<b>Cash flow from financing activities</b>			
Changes in loans	-9.8	48.1	48.1
Changes in equity	-0.5	-1.9	-2.0
<b>Cash flow from financing activities</b>	<b>-10.3</b>	<b>46.2</b>	<b>46.1</b>
<b>Changes in cash and cash equivalents</b>	<b>-6.6</b>	<b>1.9</b>	<b>5.5</b>
Cash and cash equivalents at the beginning of the period	17.4	11.8	11.8
Cash and cash equivalents at the end of the period	10.8	13.8	17.4

<b>Key ratios</b>	1–9/09	1–9/08	1–12/08
Turnover (EUR million)	98.8	107.7	143.4
Operating profit (EUR million)	4.6	6.1	7.5
% of turnover	4.7	5.6	5.2
Profit before taxes (EUR million)	2.9	4.6	5.5
% of turnover	3.0	4.3	3.8
Profit for the period (EUR million)	2.2	3.4	4.0
% of turnover	2.2	3.1	2.8
Earnings per share, EUR	3.88	5.97	7.05
Return on investment, 12 months, %	8.5	14.7	14.4
Return on equity, 12 months, %	9.2	13.5	12.6
Equity ratio, %	34.5	29.6	27.3
Net gearing, %	92.3	115.2	114.5
Interest-bearing net debt (EUR million)	31.0	37.9	34.0
Equity/share, EUR	59.5	58.7	52.8
Average number of employees	674	696	703
Number of shares	564,256	561,256	561,256

<b>Consolidated statement of changes in equity</b>	Share capital	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Total	Minority interest	Total equity
Equity on 1 Jan. 08	0.3	13.3	0.0	19.6	33.2	0.0	33.2
Items related to owners				-2.0	-2.0		-2.0
Comprehensive income				1.7	1.7	0.0	1.7
Equity on 30 Sep. 08	0.3	13.3	0.0	19.4	32.9	0.0	32.9
Equity on 1 Jan. 09	0.3	13.3	0.0	16.0	29.7	0.0	29.7
Items related to owners			0.2	-0.6	-0.4		-0.4
Comprehensive income				4.3	4.3		4.3
Equity on 30 Sep. 09	0.3	13.3	0.2	19.8	33.6	0.0	33.6

<b>Turnover by business segments</b>	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08
EUR millions					
IT Services and Solutions	21.8	25.7	78.2	87.2	115.3
Information Logistics Services	7.2	7.6	22.3	22.7	31.0
Eliminations and others	-0.6	-0.6	-1.6	-2.2	-2.9
Group total	28.5	32.7	98.8	107.7	143.4

<b>Operating profit by business segments</b>	7-9/09	7-9/08	1-9/09	1-9/08	1-12/08
EUR millions					
IT Services and Solutions	0.6	0.7	1.7	4.4	5.3
Information Logistics Services	1.1	0.7	3.1	2.3	3.2
Group items and others	0.0	-0.2	-0.2	-0.6	-1.0
Group total	1.7	1.3	4.6	6.1	7.5

<b>Changes in tangible fixed assets</b>	1-9/09	1-9/08	1-12/08
EUR millions			
Book value at the beginning of the period	4.2	3.7	3.7
Increases	0.7	1.5	2.4
Increases from the corporate acquisition	0.0	0.1	0.1
Decreases	0.0	0.0	-0.1
Depreciation and amortisation	-1.4	-1.2	-1.7
Exchange rate differences	0.0	0.0	-0.1
Book value at the end of the period	3.5	4.1	4.2



<b>Commitments and contingencies</b>	30 Sep. 09	30 Sep. 08	31 Dec. 08
EUR millions			
Liabilities with business mortgage as security			
Loans from financial institutions	38.4	48.0	48.0
Leasing liabilities	2.0	2.3	1.8
Other rental liabilities	9.4	12.4	11.6
Other contingent liabilities	0.1	0.1	0.1
Total other liabilities	11.5	14.8	13.5

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Enfo provides companies and corporations with easy-to-use IT services in Finland and Sweden. In its services, Enfo utilises its more than 45 years of experience in the development of IT services and uses the best hardware and software available from its partners. Approximately 700 IT experts ensure that Enfo's customers get the best out of their IT. Enfo's annual turnover is more than EUR 140 million. For further information about Enfo, please visit [www.enfo.fi](http://www.enfo.fi) and [www.enfo.se](http://www.enfo.se).

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