

## Enfo Oyj's financial statements bulletin 1 January – 31.12.2010

### Highlights in the financial statements bulletin

- Turnover in October–December decreased by 12.7% and stood at EUR 36.6 million (41.9). In January–December, turnover fell by 2.3% to EUR 137.6 million (140.8).
- Operating profit (EBIT) in October–December amounted to EUR 2.3 million (2.4). Operating profit in January–December stood at EUR 8.6 million (7.0).
- Profit before taxes in October–December amounted to EUR 2.1 million (2.1). Profit before taxes in January–December stood at EUR 7.9 million (5.0).
- Earnings per share in October–December were EUR 2.66 (2.41). In January–December, earnings per share were EUR 10.23 (6.29).
- The twelve-month return on investment was 12.4% (9.3).
- In January–December, Enfo Group employed an average of 681 people (685). At the end of December, the Group employed a total of 694 people (692).
- Business cash flow in January–December stood at EUR 9.6 million (6.8).
- If demand remains at a good level, the company estimates the Group's 2011 turnover to increase slightly from the previous year and operating profit to be higher than in 2010.

### Market

The improved outlook of customer companies in Enfo's main market areas in Finland and Sweden offers possibilities for an increase in IT services. The company estimates that the Finnish IT service market grew by 2% in 2010, and the Swedish market by 4%, compared with the previous year. For 2011, the company estimates the Finnish IT service market to grow by 3% and the Swedish market by more than 4%.

### 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 Information Logistics Services. Enfo's Swedish business operations are reported as part of the IT Services unit.

### Business development

In 2010, Enfo obtained a number of significant and extensive IT outsourcing service customers. In Finland, Martela Oyj, a leading solution supplier of working environments and public premises, outsourced its IT services to Enfo. The companies signed an agreement, according to which Martela's new IT environment will be built in the Enfo data centre. In addition, Lassila & Tikanoja Oyj (L&T), a company specialised in environmental maintenance and support services offered for buildings and plants, signed a three-year outsourcing agreement with Enfo concerning its basic IT services. Through the agreement, five IT service employees were transferred from L&T to Enfo. Cooperation agreements were also signed with Berner Oy, Jot Automation Ltd, Visma Software Oy, and Sponda Oyj. Last year, IT Services signed a major customer contract with the Helsinki Regional Transport Authority (HSL) concerning IT services for the Travel Card system. The contract is valued at over EUR 7 million and covers production operations, supervision, and software and hardware maintenance. Consultation services were boosted by Windows 7 and identity management projects that were in strong demand.

In industry-specific application services, Enfo's speech recognition solution developed for Itella Corporation was selected as the ICT Project of the Year at the 600Minutes Executive IT event in March 2010. According to the jury, the speech recognition project was a pioneering one in Finland and quickly produced good results. The project contained a speech recognition solution for mail delivery monitoring and Itella's internal switchboard.

Enfo's Information Logistics Services succeeded particularly well in its operations in 2010. Demand for electronic invoicing remained strong in the Finnish market, with additional solutions related to e-invoices raising particularly wide interest among customers. The customers of Enfo's Information Logistics Services extended their service acquisition within Enfo and, moreover, service production was started for dozens of new customers. In 2010, Enfo signed a large 3-year information logistics agreement with Fortum Asiakaspalvelu Oy, amounting to EUR 8.5 million. The agreement covers a large number of different information logistics services relating to electronic invoicing and electricity trading. New agreements were also signed with Satapirkkan Sähkö Oy and Pohjois-Suomen Energiatieto Oy.

Enfo's IT operations in Sweden strengthened clearly during 2010. Demand for IT services took an upswing after the downward trend, and the number of invitations to tender regarding business efficiency services increased throughout the year. At the end of the year, Sweden showed an increasing demand for good IT experts. Enfo's IT outsourcing operations developed favourably in Sweden where Enfo signed its first major outsourcing agreement with the international recruitment corporation Poolia. Consultation agreements were also signed with Getinge AB, a company specialised in healthcare products, Volvo Cars, and Husqvarna AB. A particularly significant and extensive agreement was signed with the Stockholm County Council at the end of the year.

### Turnover

Enfo Group's turnover in October–December decreased by 12.7% to EUR 36.6 million (41.9). In January–December, turnover fell by 2.3% to EUR 137.6 million (140.8). Consolidated turnover was decelerated by the emphasis of Finnish operations shifting from hardware and software sales towards continuous IT services. The development of turnover was positively influenced by the revival of the IT market and the good progress of Information Logistics Services in the market.

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

EUR million	10–12/2010	10–12/2009	1–12/2010	1–12/2009
IT Services	27.7	34.6	105.8	112.8
Information Logistics Services	8.9	7.6	33.2	29.9

The turnover of Enfo's IT Services decreased by 19.9% in October–December and stood at EUR 27.7 million (34.6). In January–December, turnover fell by 6.3% to EUR 105.8 million (112.8). The decrease in turnover resulted from the company's emphasis in Finland shifting from hardware and software sales towards continuous IT services.

The turnover of Information Logistics Services increased in October–December by 17.4% to EUR 8.9 million (7.6), and full-year turnover increased by 11.2% to EUR 33.2 million (29.9). The turnover of Information Logistics Services grew as planned, with demand for services remaining at a good level throughout the year.

**Profitability**

Enfo Group’s profitability improved in October–December with operating profit totalling EUR 2.3 million, comprising 6.3% of turnover (EUR 2.4 million and 5.7%). Consolidated operating profit in January–December stood at EUR 8.6 million, comprising 6.3% of turnover (EUR 7.0 million and 5.0%). The Group’s result was affected to the strong growth and profitability development of Information Logistics Services.

Consolidated profit before taxes in October–December amounted to EUR 2.1 million (2.1). Profit before taxes in January–December stood at EUR 7.9 million, comprising 5.8% of turnover (EUR 5.0 million and 3.6%). The Group’s net financing costs stood at EUR 0.2 million (0.3) in October–December and EUR 0.7 million (2.0) in January–December. The result in October–December was EUR 1.5 million or 4.2% of turnover (EUR 1.4 million and 3.2%). The result in January–December was EUR 5.8 million, comprising 4.2% of turnover (EUR 3.5 million and 2.5%). Earnings per share in October–December were EUR 2.66 (2.41). In January–December, earnings per share were EUR 10.23 (6.29).

*Development of operating profit by reporting segment*

EUR million	10–12/2010	10–12/2009	1–12/2010	1–12/2009
IT Services	0.9	1.2	3.6	2.9
Information Logistics Services	1.4	0.9	5.1	4.1

IT services’ full-year operating profit represents the revived demand within the IT market in Finland and Sweden. Investments in launching and developing outsourcing operations strained the operating profit in Sweden. Fluctuation related to the start-up and completion of major projects in Swedish consultation services also had an impact on the operating profit compared with 2009.

The operating profit of Information Logistics Services showed an excellent development throughout the financial period. Good market demand for electronic services, service expansions, and good customer relationship management contributed to the positive development in operating profit. The market showed a clear demand for business efficiency services.

**Financing and investments**

Enfo’s net investments stood at EUR 0.6 million (0.4) in October–December and EUR 3.3 million (1.4) in January–December. Full-year investments were mainly allocated to data centre hardware that was acquired through financial leasing agreements.

The company’s equity ratio was 43.6% (33.7) at the end of the period. Interest-bearing net liabilities at the end of December amounted to EUR 24.0 million (29.1), and net gearing was 53.4% (83.3%).

**Personnel**

In January–December, Enfo Group employed an average of 681 people (685). At the end of December, the Group employed a total of 694 people (692).

In January–December, Enfo’s IT Services employed an average of 593 people (588), and Information Logistics Services employed an average of 73 people (83). Of Enfo’s personnel, 360 (415) were employed in Finland and 321 (270) in Sweden.

**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; Ossi Saksman, Chairman of the Board of Directors of Osuuskunta KPY; Jorma Tammenaho, Senior Portfolio Manager of Ilmarinen Mutual Pension Insurance Company; and Marja Liisa Kaario, partner in Unicus Oy.

In 2010, the Management Team of Enfo Group included Managing Director Arto Herranen, Finance Director Kati Kokkonen, HR Director Maria Lundell, Development Director Pertti Silén, Director of Finnish Operations Osmo Wilska, and the Director of Swedish Operations Johan de Verdier.

**Shares**

On 31 December 2010, Enfo Oyj had a total of 586,720 shares. An increase of 18,164 shares was registered in the total number of shares on 27 December 2010. At the end of the period, Enfo had a total of 107 shareholders. The company has one series of shares. Enfo owned 78 of its treasury shares at the end of December 2010.

At the end of the financial period, 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 Vidgrén Oy, Keskisuomalainen Oyj, Kuopio Cooperative Bank, Hannu Isotalo Oy, and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 82.3%.

**Events after the end of the financial period**

In January 2011, the Group merged its Finnish and Swedish organisations into a business-based organisation. At the same time, the company expanded its Group Management Team. Starting from 1 March 2011, the Management Team will consist of Managing Director Arto Herranen, Finance Director Kati Kokkonen (Finance and Communication), HR Director Maria Lundell (HR), Director Osmo Wilska (Outsourcing Services), Director Nina Annila (Industry Verticals), Director Johan de Verdier (Consultation Services), and Director Tero Saksman (Information Logistics Services).

Enfo has strengthened its position in system integration operations by acquiring all shares of Swedish Enfof IT Integration AB. Through the acquisition, 17 integration experts were transferred to Enfo. After the acquisition, Enfo has a total of 120 integration professionals in the Nordic countries. The transaction was published on 3 February 2011.

On 10 February 2011, Enfo was selected for the first time as one of the best workplaces in Finland in the Best Workplaces in Finland survey organised by the Great Place to Work Institute Finland. Enfo moved up to the 11<sup>th</sup> position, which makes it the fourth best workplace in the IT industry.

**Forecast for likely future development**

If demand remains at a good level, the company predicts the Group's 2011 turnover will increase slightly from the previous year and operating profit will be higher than in 2010.

**Risks and uncertainties**

Short-term risks and uncertainties are related to the preservation of competitive prices in the highly competitive IT service market and any discontinuity factors in the Finnish information logistics market caused by amendments to legislation. In the long term, the termination of the commitment arrangements for key personnel may expose the company to a key personnel risk, which is typical in the industry.

**Distribution of profit**

On 31 December 2010, the parent company's distributable funds were EUR 21,170,158.14. The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 5.0 per share be paid, or a total of EUR 2,932,917.

**Timetable for financial reporting in 2011**

The 2010 financial statements and annual report will be published on the Enfo Oyj website on 2 March 2011. Enfo Oyj's Annual General Meeting will be held on 24 March 2011.

The 2011 Q1 interim report will be published on 28 April 2011, the Q2 interim report on 28 July 2011, and the Q3 interim report on 27 October 2011.

**Tables**

This financial statements bulletin 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 have not been audited.

<b>Consolidated income statement</b>				
EUR million	10-12/10	10-12/09	1-12/10	1-12/09
<b>Turnover</b>	36.6	41.9	137.6	140.8
Other operating income	0.0	0.1	0.0	0.1
Materials and services	-14.7	-21.3	-59.1	-70.4
Employee benefit expenses	-14.2	-13.5	-50.8	-45.9
Depreciation, amortisation, and impairment	-1.2	-1.3	-4.7	-5.2
Other operating expenses	-4.1	-3.5	-14.4	-12.3
<b>Operating profit</b>	2.3	2.4	8.6	7.0
Finance income	0.1	0.0	1.0	0.3
Finance costs	-0.2	-0.3	-1.6	-2.2
<b>Profit before taxes</b>	2.1	2.1	7.9	5.0
Income tax	-0.6	-0.7	-2.1	-1.5
<b>Profit for the period</b>	1.5	1.4	5.8	3.5
Attributable to				
Equity-holders of the parent company	1.5	1.4	5.8	3.5
Minority interests				
Earnings per share, basic and diluted, EUR	2.66	2.41	10.23	6.29

<b>Statement of comprehensive income</b>		
EUR million	1-12/10	1-12/09
<b>Profit for the period</b>	5.8	3.5
Change in the fair value of available-for-sale investments	0.0	0.0
Exchange differences caused by net investments in foreign subsidiaries	5.3	2.1
<b>Other comprehensive income for the period</b>	11.1	5.6
Attributable to		
Equity-holders of the parent company	11.1	5.6
Minority interests		

<b>Consolidated statement of financial position</b>		
EUR million	31 Dec. 2010	31 Dec. 2009
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	4.4	3.4
Goodwill	57.2	51.8
Other intangible assets	3.8	5.7
Available-for-sale investments	0.1	0.1
Receivables	0.3	0.1
Deferred tax assets	0.4	0.4
Non-current assets, total	66.3	61.5

<b>Current assets</b>		
Inventories	0.5	0.4
Trade receivables	25.2	25.3
Other receivables	4.0	4.5
Available-for-sale investments	0.3	0.3
Cash and cash equivalents	8.1	12.9
Total current assets	38.1	43.5
<b>Total assets</b>	104.5	105.0
<b>Equity and liabilities</b>		
Share capital	0.3	0.3
Share premium account	13.3	13.3
Other reserves	1.6	0.2
Retained earnings	29.7	21.1
<b>Equity attributable to equity-holders of the parent company, total</b>	44.9	34.9
<b>Minority interest</b>	0.0	0.0
<b>Total equity</b>	44.9	34.9
<b>Non-current liabilities</b>		
Interest-bearing liabilities	27.6	35.8
Other liabilities	2.1	1.7
Non-current liabilities, total	29.8	37.5
<b>Current liabilities</b>		
Interest-bearing liabilities	4.8	6.4
Trade payables	6.3	10.2
Other liabilities	18.7	15.9
Current liabilities, total	29.8	32.5
<b>Total liabilities</b>	59.6	70.1
<b>Total equity and liabilities</b>	104.5	105.0

<b>Condensed statement of cash flows</b>	1–12/10	1–12/09
EUR million		
<b>Cash flow from operating activities</b>		
Profit for the period	5.8	3.5
Adjustments to the profit for the period	7.4	8.6
Change in working capital	2.2	-1.4
Interest paid and received	-1.0	-1.6
Taxes paid	-4.8	-2.4
<b>Cash flow from operating activities</b>	9.6	6.8

<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-3.3	-1.4
Subsidiary investments deducted by liquid assets	0.0	0.0
Changes in other investments	0.0	0.0
<b>Cash flow from investing activities</b>	-3.3	-1.4
<b>Cash flow from financing activities</b>		
Changes in loans	-9.9	-9.3
Changes in equity	-1.2	-0.5
<b>Cash flow from financing activities</b>	-11.0	-9.8
<b>Changes in cash and cash equivalents</b>	-4.8	-4.4
Cash and cash equivalents at the beginning of the period	12.9	17.4
Cash and cash equivalents at the end of the period	8.1	12.9

<b>Key ratios</b>	1–12/10	1–12/09
Turnover (EUR million)	137.6	140.8
Operating profit (EUR million)	8.6	7.0
% of turnover	6.3	5.0
Profit before taxes (EUR million)	7.9	5.0
% of turnover	5.8	3.6
Profit for the period (EUR million)	5.8	3.5
% of turnover	4.2	2.5
Earnings per share, EUR	10.23	6.29
Return on investment, %	12.4	9.3
Return on equity, %	14.5	11.0
Equity ratio, %	43.6	33.7
Net gearing, %	53.4	83.3
Interest-bearing net debt (EUR million)	24.0	29.1
Equity/share, EUR	76.6	61.8
Average number of employees	681	685
Number of shares	586,720	564,256



<b>Consolidated statement of changes in equity</b>	Share capital	Share premium reserve	Reserve for invested non-restricted equity	Retained earnings	Total	Minority interest	Total equity
Equity on 1 Jan. 2009	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				5.6	5.6		5.6
Equity on 31 Dec. 2009	0.3	13.3	0.2	21.1	34.9	0.0	34.9
Equity on 1 Jan. 2010	0.3	13.3	0.2	21.1	34.9	0.0	34.9
Items related to owners			1.4	-2.5	-1.1		-1.1
Comprehensive income				11.1	11.1		11.1
Equity on 31 Jan. 2010	0.3	13.3	1.6	29.7	44.9	0.0	44.9

<b>Turnover by business segment</b>	10–12/10	10–12/09	1–12/10	1–12/09
EUR million				
IT Services	27.7	34.6	105.8	112.8
Information Logistics Services	8.9	7.6	33.2	29.9
Eliminations and others	0.0	-0.3	-1.4	-2.0
Group total	36.6	41.9	137.6	140.8

<b>Operating profit by business segment</b>	10–12/10	10–12/09	1–12/10	1–12/09
EUR million				
IT Services	0.9	1.2	3.6	2.9
Information Logistics Services	1.4	0.9	5.1	4.1
Group items and others	0.0	0.2	-0.1	0.0
Group total	2.3	2.4	8.6	7.0

<b>Changes in tangible fixed assets</b>	1–12/10	1–12/09
EUR million		
Carrying amount at the beginning of the period	3.4	4.2
Increases	2.7	0.9
Increases from the corporate acquisition		
Decreases	-0.2	0.0
Depreciation and amortisation	-1.8	-1.8
Exchange rate differences	0.0	0.0
Carrying amount at the end of the period	4.1	3.4

<b>Commitments and contingencies</b>	31 Dec. 2010	31 Dec. 2009
EUR million		
Liabilities with business mortgage or pledge as security		
Loans from financial institutions	29.7	38.4
Mortgage amount	11.4	11.4
<i>Other liabilities</i>		
Leasing liabilities	4.9	3.2
Other rental liabilities	12.5	8.7
Other contingent liabilities	0.1	0.1
Total other liabilities	28.9	12.0

**For additional information, please contact:** Arto Herranen, Managing Director, tel. +358 44 7193 000 and Kati Kokkonen, Finance Director, tel. +358 44 7193 015 (e-mail format: firstname.lastname@enfo.fi)

Enfo is a Nordic IT service company that provides companies and organisations with easy-to-use IT services. In its services, Enfo utilises more than 45 years of experience in IT and the competence of its expert IT professionals. Approximately 700 top experts ensure that Enfo's customers get the most out of their IT. Enfo's annual turnover is nearly 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).

**Distribution:** Key media and [www.enfo.fi](http://www.enfo.fi)

### **Enfo Oyj**

Business ID: 2081212-9

Visiting address: Kiveläntie 4, Kuopio, Finland

Postal address: P.O. Box 1582, FI-70461 Kuopio, Finland

Billing address: P.O. Box 5005, FI-70701 Kuopio, Finland

Switchboard: +358 20 54321

Fax: +358 20 543 2355

Email: [firstname.lastname@enfo.fi](mailto:firstname.lastname@enfo.fi)