

Enfo Oyj's financial statements bulletin 1 January – 31 December 2011

Highlights in the financial statements bulletin

- Turnover in October–December increased by 12.3% and stood at EUR 41.1 million (36.6). Turnover in January–December increased by 4.1% to EUR 143.2 million (137.6).
- Operating profit (EBIT) in October–December amounted to EUR 3.1 million (2.3). Operating profit in January–December stood at EUR 7.3 million (8.6). Operating profit in January–December contains EUR 1.6 million of non-recurring reorganisation costs.
- Profit before taxes in October–December amounted to EUR 2.3 million (2.1). Profit before taxes in January–December stood at EUR 6.3 million (7.9).
- Earnings per share in October–December were EUR 2.30 (2.66). In January–December, earnings per share were EUR 7.19 (10.23).
- The twelve-month return on investment was 9.7% (12.4%).
- In January–December, Enfo Group employed an average of 727 people (681). At the end of December, the Group employed a total of 771 people (694).
- Business cash flow in January–December stood at EUR 6.8 million (9.6).
- The company estimates its turnover and operating profit to increase during the first quarter of 2012 compared to the previous year.

Market

The general uncertainty over future economic development caused by heavily indebted countries within the euro area continues. This affects the behaviour of customer companies within the company's main market area in Finland and Sweden.

In 2011, the company estimates that the IT service market growth was 2–3% in Finland and Sweden. In 2012, the company estimates that the IT service market will grow at the same pace.

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.

Business development

Enfo's IT Services suffered from the price competition on the market during 2011. Demand was at a good level in the IT outsourcing market but strong price competition had a clear impact on business growth and profitability development. Companies are largely entering their IT agreements into bidding competitions and are seeking high-quality but highly cost-efficient IT services. During the second quarter of the year, efficiency and restructuring measures related to the IT outsourcing service in Finland were implemented at Enfo's IT Services, the purpose of which was to develop the operational model of the outsourcing services in order to ensure steady business development. The efficiency measures had a clear impact on the improvement of operations in the highly competed IT market in Finland.

Last year, Enfo increased its market share in IT outsourcing services by signing new IT outsourcing service agreements with property investment company Technopolis Oyj, and building management and property service company Avara Management Oy. In addition, new cooperation agreements were signed with

PACCOR Finland Oy, specialised in packaging solutions, as well as VVO Group, Finland's largest housing service provider. Furthermore, the Finnish Parliament and Otava Publishing Company selected Enfo as their IT partner. Enfo's Help Desk service received national recognition on 7 September 2011 as it was selected as the best Help Desk service in Finland in the competition organised by HDI Nordic Oy.

Finnish consulting services showed particular demand for Windows 7 and identity management projects. The University of Jyväskylä signed a five-year service agreement with Enfo on identity management services, covering an environment of more than 20,000 users. In industry verticals, the Helsinki Regional Transport Authority (HSL) ordered the renewal of ticket inspecting devices from Enfo.

The operations of Information Logistics Services proceeded steadily, showing stable demand for services. In order to develop its operations, the Information Logistics Services unit carried out reorganisation measures during the latter half of the year with the aim of strengthening the development of operational profitability in the long-term. During the year, new service agreements were signed with, for example, accounting firms and companies specialised in debt collection and credit data services. On 19 September 2011, the Information Logistics Services unit published a consumer survey covering e-invoices. It strengthens the development of e-invoicing services.

The operations of Information Logistics Services will strongly involve service development associated with a turning point in the energy industry, where the emphasis will be placed on message transmission for electricity trading and reporting practices for statutory energy use, together with customers. In addition, customers have extended their agreements in AMM services (Automatic Meter Management). Enfo signed an agreement with Rauman Energia and Vakka-Suomen Voima on AMM services, covering 43,000 sites. The ten-year agreement is worth nearly EUR 10 million.

Enfo's IT Service operations in Sweden proceeded successfully during 2011. Infrastructure projects boosted the development of consulting services on the market and the demand for integration services was at an extremely good level. Last year, Enfo signed a number of significant consulting service agreements with Volvo Cars Corporation, the County Council of Stockholm, Swenox Ab, Ericsson Ab and Scania Ab. In June 2011, Enfo Zipper, who specialise in infrastructure consulting services, was selected as the Microsoft Solution Partner of the Year in Sweden. Furthermore, Enfo Zystems, specialised in system integration, received recognition when IBM selected it as the partner of the year in Sweden. Enfo Pointer, a company offering Business Intelligence solutions, expanded its operations at the end of the year by opening an office in Gothenburg. Outsourcing service operations grew significantly in Sweden as Relacom outsourced its IT operations to Enfo.

Turnover

Enfo Group's turnover increased by 12.3% in October–December and stood at EUR 41.1 million (36.6). In January–December, turnover grew by 4.1% to EUR 143.2 million (137.6). The increase in the Group's turnover reflects the good demand for consultancy services and the acquisition of new subsidiaries in Sweden. The poor development of hardware sales in Finland and the slow progress of outsourcing services at the beginning of the year had a negative impact on turnover.

Development of turnover by reporting segment

EUR million	10–12/2011	10–12/2010	1–12/2011	1–12/2010
IT Services	32.9	27.9	109.9	105.8
Information Logistics Services	8.7	8.9	35.2	33.2

The turnover of the IT Services segment increased by 17.8% in October–December, amounting to EUR 32.9 million (27.9). In January–December, turnover increased by 3.9% to EUR 109.9 million (105.8). The increase

in turnover was particularly accelerated by the good demand for consultancy Services in Sweden. In addition, the growth was boosted by the acquisition of new Swedish subsidiaries.

The turnover of Information Logistics Services fell in October–December by 2.8% to EUR 8.7 million (8.9), and the full-year turnover increased by 5.9% to EUR 35.2 million (33.2). The decline in turnover during the final quarter was affected by slower demand for services and tougher market competition. The full-year turnover of Information Logistics Services increased as planned.

Profitability

Enfo Group's operating profit increased by 33.7% in October–December and stood at EUR 3.1 million, representing 7.6% of turnover (EUR 2.3 million and 6.3%). The Group's operating profit in January–December was EUR 7.3 million (8.6), comprising 5.1% of turnover (6.3%). The strengthening of the Group's profitability was affected by an increased demand for IT Services in Sweden. Last year's result is strained by costs associated with the personnel's adaptation and reorganisation arrangements in Finland and those arising from the personnel's commitment and ownership arrangements in SAP consulting operations in Sweden. The operating profit contains EUR 1.6 million of non-recurring reorganisation costs.

The Group's profit before taxes in October–December stood at EUR 2.3 million (2.1), comprising 5.7% of turnover (5.9%). Profit before taxes in January–December stood at EUR 6.3 million, comprising 4.4% of turnover (EUR 7.9 million and 5.8%). The Group's net financing costs stood at EUR 0.8 million (0.2) in October–December, and EUR 1.0 million (0.7) in January–December. The result in October–December was EUR 1.8 million or 4.3% of turnover (1.5 and 4.2%). The result in January–December was EUR 4.7 million (5.8), comprising 3.3% of turnover (4.2%). Earnings per share in October–December were EUR 2.03 (2.66). In January–December, earnings per share were EUR 7.19 (10.23).

Development of operating profit by reporting segment

EUR million	10–12/2011	10–12/2010	1–12/2011	1–12/2010
IT Services	1.6	0.9	2.3	3.6
Information Logistics Services	1.4	1.4	5.0	5.1

The decrease in the operating profit of IT Services reflects the negative development of profitability in Finnish outsourcing services resulting from the tough price competition. Furthermore, last year's result was strained by costs associated with the personnel's adaptation and reorganisation arrangements. Thanks to the efficiency measures and reorganisations carried out, the decrease in profitability evened out during the last quarter. The operating profit was also strained by costs arising from the development of Swedish outsourcing services. Good demand for consulting services in Sweden strengthened the result.

The operating profit of Information Logistics Services stayed at the same level as last year. The development of operating profit was affected by efficient operations and the profitable management of customer accounts.

Financing and investments

Enfo's net investments stood at EUR 3.1 million (0.6) in October–December, and EUR 11.3 million (3.3) in January–December. Full-year investments were mainly directed at the acquisition of new subsidiaries and data centre hardware. The hardware was financed through financial leasing agreements.

The company's equity ratio was 41.1% (43.6) at the end of the period. Interest-bearing net liabilities at the end of December amounted to EUR 29.7 million (24.0) and net gearing was 62.2% (53.4).

Personnel

In January–December, Enfo Group employed an average of 727 people (681). At the end of December, the Group employed a total of 771 people (694).

Enfo's IT Services unit employed an average of 636 people in January–December (593), and the Information Logistics Services unit employed an average of 75 people (73). Of Enfo's personnel, 346 (360) were employed in Finland and 381 (321) 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; Ossi Saksman, Chairman of the Board of Directors of Osuuskunta KPY; Mammu Kaario, Investment Director at Korona Invest Oy; and Timo Kärkkäinen, Senior Portfolio Manager of Non-listed Companies of Ilmarinen Mutual Pension Insurance Company.

In 2011, Enfo Group's Executive Management Team members were Managing Director Arto Herranen, Finance Director Tero Kosunen (Finance and Communications), HR Director Maria Lundell (HR), Director Osmo Wilska (Outsourcing Services), Director Nina Annila (Industry Verticals), Director Johan de Verdier (Consulting Services), and Director Tero Saksman (Information Logistics Services).

Shares

On 31 December 2011, Enfo Oyj had a total of 589,120 shares. At the end of the period, the company had a total of 107 shareholders. The company has one series of shares, Enfo owned 684 of its treasury shares at the end of December 2011.

At the end of 2011, the company's ten largest owners were Osuuskunta KPY, Enfo Oyj's Personnel Fund HR, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Einari Vidgrén Oy, Keskiuomalainen Oyj, Pohjois-Savo Cooperative Bank, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 81.9%.

Events after the end of the financial period

On 2 February 2012, Enfo was selected for the second time as one of the best places to work in Finland in the survey organised by Great Place to Work Institute Finland. Enfo was ranked 25th on the list.

Forecast for likely future development

The company estimates its turnover and operating profit to increase during the first quarter of 2012 compared to the previous year.

Risks and uncertainties

Short-term risks and uncertainties are related to the maintenance of competitive prices in the highly competitive IT service market and faltering demand for IT services due to a possible turn in the economic situation.

Distribution of profit

On 31 December 2011, the parent company's distributable funds totalled EUR 21,078,972.41. The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.70 per share be paid over the 2011 financial period. The dividend is paid to shareholders who are recorded in the company's list of shareholders maintained by Euroclear Finland Oy by the record date of the dividend payment, 27 March 2012. The dividend will be paid on 31 May 2012.

The Board of Directors also proposes that the Annual General Meeting authorises the Board of Directors, in accordance with Chapter 6, section 13, paragraph 2 of the Companies Act, to decide on an additional dividend

of a maximum of EUR 1.90 per share within the limitations of the company's capital adequacy and operating result. The authorisation is proposed to be valid until the beginning of the next Annual General Meeting.

Timetable for financial reporting in 2012

The 2011 financial statements and annual report will be published on the Enfo Oyj website on 1 March 2012, and the Annual General Meeting will be held on 22 March 2012.

The 2012 Q1 interim report will be published on 26 April 2012, the Q2 interim report on 30 August 2012 and the Q3 interim report on 24 October 2012.

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 to the nearest million euro and may not add up to exact totals. The figures presented in the tables are unaudited.

Consolidated income statement				
EUR million	10–12/11	10–12/10	1–12/11	1–12/10
Turnover	41.1	36.6	143.2	137.6
Other operating income	0.6	0.0	0.6	0.0
Materials and services	-15.6	-14.7	-55.9	-59.1
Employee benefit expenses	-16.5	-14.2	-58.7	-50.8
Depreciation, amortisation and impairment	-1.2	-1.2	-4.5	-4.7
Other operating expenses	-5.3	-4.1	-17.5	-14.4
Operating profit	3.1	2.3	7.3	8.6
Financial income	0.3	0.1	0.4	1.0
Finance costs	-0.4	-0.2	-1.4	-1.6
Profit before taxes	2.3	2.1	6.3	7.9
Income tax	0.6	-0.6	-1.6	-2.1
Profit for the period	1.8	1.5	4.7	5.8
Attributable to				
Equity holders of the parent company	1.3	1.5	4.2	5.8
Non-controlling interests	0.4		0.4	
Earnings per share, EUR	2.03	2.66	7.19	10.23

Statement of comprehensive income		
EUR million	1–12/11	1–12/10
Profit for the period	4.7	5.8
Change in the fair value of available-for-sale investments	0.0	0.0
Exchange rate differences caused by net investments in foreign subsidiaries	0.3	5.4
Other comprehensive income for the period	4.9	11.2
Attributable to		
Equity holders of the parent company	4.5	11.2
Non-controlling interests	0.4	

Consolidated statement of financial position		
EUR million	31 Dec. 2011	31 Dec. 2010
Assets		
Non-current assets		
Tangible assets	5.3	4.1
Goodwill	63.3	57.2
Other intangible assets	4.2	4.1
Available-for-sale investments	0.1	0.1
Receivables	0.1	0.3
Deferred tax assets	0.4	0.4
Non-current assets, total	73.3	66.3

Current assets		
Inventories	0.3	0.5
Trade receivables	28.4	25.2
Other receivables	3.0	2.8
Tax assets based on the period's taxable income	2.3	1.2
Available-for-sale investments	0.0	0.3
Cash and cash equivalents	6.0	8.1
Total current assets	40.0	38.2
Total assets	113.3	104.5
Equity and liabilities		
Equity		
Share capital	0.3	0.3
Share premium account	13.3	13.3
Other reserves	1.8	1.6
Retained earnings	30.3	29.7
Equity attributable to equity holders of the parent company, total	45.7	44.9
Equity holders without control	0.4	0.0
Total equity	46.2	44.9
Non-current liabilities		
Interest-bearing liabilities	27.5	27.6
Other liabilities	3.0	2.1
Non-current liabilities, total	30.5	29.8
Current liabilities		
Interest-bearing liabilities	8.2	4.8
Trade payables	6.7	6.3
Other liabilities	21.7	18.7
Current liabilities, total	36.6	29.8
Total liabilities	67.1	59.6
Total equity and liabilities	113.3	104.5

Condensed statement of cash flows	1–12/11	1–12/10
EUR million		
Cash flow from operating activities		
Profit for the period	4.7	5.8
Adjustments to the profit for the period	6.9	7.4
Change in working capital	-0.6	3.2
Interest paid and received	-1.1	-1.2
Taxes paid	-3.1	-5.6
Cash flow from operating activities	6.8	9.6

Cash flow from investment activities		
Acquisition of subsidiaries less financial assets on the acquisition date	-4.8	0.0
Investments in tangible and intangible assets	-0.7	-0.4
Acquired operations	-1.7	0.0
Changes in other investments	-0.2	0.0
Cash flow from investment activities	-7.4	-0.4
Cash flow from financing		
Changes in loans	2.5	-12.0
Changes in equity	-2.8	-1.2
Repayment of financial leasing liabilities	-1.2	-0.7
Cash flow from financing	-1.5	-13.9
Changes in cash and cash equivalents	-2.2	-4.8
Cash and cash equivalents at the beginning of the period	8.1	12.9
Cash and cash equivalents at the end of the period	6.0	8.1

Key figures	1–12/11	1–12/10
Turnover (EUR million)	143.2	137.6
Operating profit (EUR million)	7.3	8.6
% of turnover	5.1	6.3
Profit before taxes (EUR million)	6.3	7.9
% of turnover	4.4	5.8
Profit for the period (EUR million)	4.7	5.8
% of turnover	3.3	4.2
Earnings per share, EUR	7.19	10.23
Return on investment, %	9.7	12.4
Return on equity, %	10.2	14.5
Equity ratio, %	41.1	43.6
Net gearing, %	64.4	53.4
Interest-bearing net debt (EUR million)	29.7	24.0
Equity/share, EUR	77.6	76.6
Average number of employees	727	681
Number of shares	589,120	586,720

Consolidated statement of changes in equity	Share capital	Share premium reserve	Change in value and other reserves	Retained earnings	Total	Minority interest	Total equity
Equity on 1 Jan. 2010	0.3	13.3	0.2	24.6	34.9	0.0	34.9
Items related to owners			1.4	-2.6	-1.2		-1.2
Comprehensive income				11.2	11.2		11.2
Equity on 31 Dec. 2010	0.3	13.3	1.6	29.7	44.9	0.0	44.9
Equity on 1 Jan. 2011	0.3	13.3	1.6	29.7	44.9	0.0	44.9
Items related to owners			0.1	-3.8	-3.7		-3.7
Comprehensive income				4.5	4.5	0.4	4.9
Equity on 31 Dec. 2011	0.3	13.3	1.8	30.4	45.7	0.4	46.2

Turnover by business segment	10–12/11	10–12/10	1–12/11	1–12/10
EUR million				
IT Services	32.9	27.9	109.9	105.8
Information Logistics Services	8.7	8.9	35.2	33.2
Eliminations and others	-0.5	-0.2	-1.9	-1.4
Group total	41.1	36.6	143.2	137.6

Operating profit by business segment	10–12/11	10–12/10	1–12/11	1–12/10
EUR million				
IT Services	1.6	0.9	2.3	3.6
Information Logistics Services	1.4	1.4	5.0	5.1
Group items and others	0.0	0.0	0.0	-0.1
Group total	3.1	2.3	7.3	8.6

Changes in tangible fixed assets	1–12/11	1–12/10
EUR million		
Carrying amount at the beginning of the period	4.1	3.4
Increases	3.5	2.7
Decreases	-0.2	-0.2
Depreciation and amortisation	-2.1	-1.8
Exchange rate differences	0.0	0.0
Carrying amount at the end of the period	5.2	4.1

Commitments and contingencies	30 Dec. 2011	30 Dec. 2010
EUR million		
Liabilities with business mortgage or pledge as security		
Loans from financial institutions	22.4	17.8
Pension loans	9.7	11.9
Business mortgage	11.4	11.4
Subsidiary shares	14.8	14.8
<i>Other liabilities</i>		
Leasing liabilities	4.5	2.9
Other rental liabilities	11.5	13.0
Other contingent liabilities	0.1	0.1
Total other liabilities	16.0	16.0

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Enfo is a Nordic IT service company which 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 800 top experts ensure that Enfo's customers get the best out of their IT. Enfo's annual turnover is over EUR 140 million. For further information about Enfo, please visit www.enfo.fi and www.enfo.se.

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