



Enfo Oyj's interim report 3/2013 (1 January – 30 September 2013)

Key points of the interim report

- Turnover in July–September increased by 7.2% and stood at EUR 34.0 million (31.7). In January–September, turnover rose by 5.6% to EUR 112.1 million (106.1).
- Operating profit (EBIT) in July–September was up by 24.8%, totalling EUR 3.4 million (2.7). In January–September, operating profit increased by 14.8% and amounted to EUR 8.6 million (7.5). The operating profit includes non-recurring restructuring costs for Consulting Services amounting to EUR 0.7 million.
- Profit before taxes in July–September amounted to EUR 3.2 million (2.6). In January–September, profit before taxes stood at EUR 7.7 million (6.7).
- Earnings per share in July–September were EUR 4.50 (2.35). Earnings per share in January–September were EUR 8.72 (6.38).
- The twelve-month return on investment was 14.4% (12.8).
- In January–September, Enfo Group employed an average of 789 people (775). At the end of September, the Group employed a total of 781 people (784).
- In January–September, cash flow from operating activities totalled EUR 6.5 million (4.3).
- The company estimates that the Group's turnover and operating profit will grow from the previous year's level.

Market

Expectations of economic recovery have grown during the third quarter. Companies' growth expectations are, however, still cautious, and this is also reflected in decision-making for IT services.

Enfo expects the IT service market to grow by 2% in Finland and Sweden in 2013.

Group structure

Enfo Oyj is the parent company of Enfo Group. Enfo's business operations are divided into two separately reported segments – IT Services, and Information Logistics Services.

Business development

The business operations of Enfo's Outsourcing Services proceeded favourably in spite of strong price competition in the market. In Finland, the company has continued extensive projects related to the activation of VR's IT services, which have kept service production busy. Enfo secured a service contract with Helsinki Region Transport (HSL) in a public IT service tendering process. HSL decided to purchase IT operation and support services, as well as services related to the development of the IT environment from Enfo, which came out as the best service provider in terms of the total score achieved in the tendering process. The value of the five-year agreement is roughly EUR 3.7 million.

With regard to service development, an extensive ISO 9001 audit was carried out on Enfo Service Desk in Finland. In addition to the Service Desk, it assessed Enfo's quality system, management and sales, customer relationship management and HR management, among other things. No deviations were found in



the audit, and the ISO 9001 remains in force. The audit was carried out by Inspecta Sertifiointi Oy. In Sweden, the harmonisation of Outsourcing Services with Outsourcing Services Finland is proceeding, and shared operating models are being strongly developed. At the Karlskrona IT service centre, production has been expanded with the growth of Outsourcing Services, and the activation of the IT services of the care provider company Carema Care is keeping the unit busy.

In Industry Verticals, there has been demand for diverse information logistics and unified communications solutions. Companies want to increase the efficiency of their operations and invest in SaaS videoconferencing solutions. New agreements were made with Turku Energia Oy on a comprehensive multi-channel fault communication service, including the fault communication system and extensive cloud-based IT support services by Enfo's Nordic data centres. Enfo's own service production also includes extensive fault communication solutions, utilising fault communications based on electronic communications in its own services.

The development of Consulting Services has been slow in Sweden, especially with regard to infrastructure consulting and price competition has continued to be tough, impairing the development of profitability. Infrastructure consulting has provided work in connection with projects for DS Smith AB, a specialist in packaging materials, for example. The market has been more stable in application integration consulting and business intelligence solutions, and demand has been good. Enfo Pointer, specialising in business intelligence solutions, made a significant agreement with the department store and shop chain Coop Norden AB for a big data solution that is one of the first such solutions in Sweden ever. With regard to application integration, new agreements have been made with e.g. Coloplast, a provider of healthcare solutions, and the public transport company Västtrafik. Towards the end of the review period, Consulting Services carried out operational efficiency measures and restructuring both in Finland and Sweden in order to keep the growth and development of operations stable in spite of price competition in the market. In Finland, it was decided to embed consulting professionals into the Outsourcing Services organisation. From now on, consulting will be offered as part of the comprehensive portfolio of Finnish Outsourcing Services, allowing customers to obtain it as part of their IT service orders.

The operations of Information Logistics Services improved favourably during the review period. The launch of outsourcing services for financial administration is proceeding according to plan, and demand is expected to grow. Process consulting for financial administration and direct debiting integrations have been in high demand, and several financial administration survey projects were launched during the review period. The demand for electronic invoicing has also strengthened. The Nordic fitness and well-being chain Elixia signed an agreement on direct debiting migration of its Finnish invoicing services, and as a result, Enfo will annually process more than 300,000 Elixia e-invoices and direct debiting payments.

Turnover

Enfo Group's turnover in July–September increased by 7.2% to EUR 34.0 million (31.7). In January–September, turnover rose by 5.6% to EUR 112.1 million (106.1). Strong demand for Information Logistics Services contributed to the favourable development of the Group's turnover. The growth in turnover was also strengthened by the market development of IT Services, especially in Outsourcing Services in the company's main market areas.

Development of turnover by reporting segment

EUR million	7–9/2013	7–9/2012	1–9/2013	1–9/2012	1–12/2012
IT Services	24.5	24.0	83.5	82.4	111.8
Information Logistics Services	9.6	8.3	29.1	25.5	35.4



The turnover of Enfo's IT Services increased by 2.1% in July–September and stood at EUR 24.5 million (24.0). In January–September, the turnover of IT Services increased by 1.4% and stood at EUR 83.5 million (82.4). Good demand for Outsourcing Services, both in Finland and Sweden, accelerated growth.

The turnover of Information Logistics Services in July–September increased by 15.3% and stood at EUR 9.6 million (8.3). In January–September, the turnover of IT Services increased by 14.4% and stood at EUR 29.1 million (25.5). Underlying the growth in turnover is the high market demand for automatic meter reading (AMM) services, financial administration services and in particular for consulting and direct debiting migrations

Profitability

Enfo Group's operating profit increased by 24.8% in July–September and stood at EUR 3.4 million (2.7), comprising 9.9% of turnover (8.5%). Enfo Group's operating profit increased by 14.8% in January–September and stood at EUR 8.6 million (7.5), comprising 7.7% of turnover (7.1%). Growth in profitability was accelerated by Outsourcing Services performing better than planned in Sweden and strengthening demand in Information Logistics Services.

The Group's profit before taxes in July–September stood at EUR 3.2 million (2.6), comprising 9.4% of turnover (8.3%). In January–September, profit before taxes amounted to EUR 7.7 million (6.7), comprising 6.9% of turnover (6.4%). The Group's net financial costs in July–September stood at EUR 0.2 million (0.1) and EUR 0.8 million (0.7) in January–September. The result in July–September was EUR 2.8 million (2.0), comprising 8.2% of turnover (6.2%). The result in January–September was EUR 6.2 million (5.0), comprising 5.6% of turnover (4.7%). Earnings per share in July–September were EUR 4.50 (2.35). In January–September, earnings per share were EUR 8.72 (6.38).

Development of operating profit by reporting segment

EUR million	7–9/2013	7–9/2012	1–9/2013	1–9/2012	1–12/2012
IT Services	1.8	1.4	5.1	4.1	3.2
Information Logistics Services	1.5	1.2	3.5	3.4	4.7

The good result in IT Services was boosted by the success of Outsourcing Services in the strongly competitive Finnish IT market. Swedish Outsourcing Services growing faster than planned also improved the operating profit. The growth in the operating profit for IT Services and the Group was slowed down by weakening demand for consulting services, fierce price competition and non-recurring restructuring costs amounting to EUR 0.7 million in the Consulting Services segment.

The growth in the operating profit of Information Logistics Services is due to increasing volumes in printing services and e-invoices. The strong demand for direct debiting migration services and financial administration process surveys also boosted the profitability of Information Logistics Services.

Financing and investments

Enfo's net investments stood at EUR 2.2 million (0.9) in July–September and EUR 3.9 million (2.6) in January–September. Investments were mainly targeted at the data centre and printing equipment acquired through financial leasing agreements and development expenses related to information systems. The company's equity ratio was 45.6% (43.9%) at the end of September. Interest-bearing net liabilities at the end of September amounted to EUR 30.1 million (32.5) and net gearing was 58.1% (65.4%).

Personnel



In January–September, Enfo Group employed an average of 789 personnel (775). At the end of September, the Group employed a total of 781 people (784).

Enfo's IT Services unit employed an average of 684 people in January–September (678), and the Information Logistics Services unit employed an average of 82 people (73). Of Enfo's personnel, 350 (331) were employed in Finland and 440 (444) 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; Timo Kärkkäinen, Senior Portfolio Manager of Ilmarinen Mutual Pension Insurance Company; and Soili Mäkinen, CIO at Cargotec Corporation.

Enfo Group's management team members were CEO Arto Herranen, CFO Tero Kosunen (finance and communications), Senior Vice President Maria Lundell (HR), Executive Vice President Nina Annila (Industry Verticals), Executive Vice President Osmo Wilska (Outsourcing Services), Managing Director Tero Saksman (Enfo Zender), Executive Vice President Lars Aabol (Consulting Services), Managing Director Fredrik Bergman (Enfo Zsystems), Managing Director Peter Lörincz (Enfo Zipper) until 9 September 2013, Business Unit Director Johan Wilhelmsson (Outsourcing Sweden), and Marketing Director Adam Ritzén.

Shares

On 30 September 2013, Enfo Oyj had a total of 589,120 shares. At the end of September, the company had a total of 104 shareholders. The company has one series of shares. Enfo owns 5,152 of its treasury shares.

At the end of September 2013, the ten largest shareholders in the company were: Osuuskunta KPY, Ilmarinen Mutual Pension Insurance Company, Enfo Oyj's Personnel Fund HR, Enfo Oyj, Einari Vidgrén Oy, Keskisuomalainen Oy, Pohjois-Savon Osuuspankki, Hannu Isotalo Oy, Savon Voima Oy and Kallax Oy.

Forecast for likely future development

The company estimates that the Group's turnover and operating profit will grow from the previous year's level in 2013.

Risks and uncertainties

Short-term risks and uncertainties are associated with maintaining competitive prices and the demand for consulting services in the highly competitive IT services market.

Timetable for financial reporting in 2013

Enfo Oyj will publish a financial statement release concerning the period of 1 January – 31 December 2013 on 25 February 2014. The timetable for financial reporting in 2014 will be published in full, in connection with the financial statement release.

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 2012 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	7–9/13	7–9/12	1–9/13	1–9/12	1–12/12
Turnover	34.0	31.7	112.6	106.1	145.2
Other operating income	0.0	0.0	0.0	0.1	0.2
Materials and services	-11.9	-9.9	-38.8	-34.6	-49.2
Employee benefit expenses	-14.0	-14.4	-49.0	-48.0	-65.9
Depreciation, amortization and impairment	-1.0	-1.2	-3.0	-3.4	-4.6
Other operating expenses	-3.7	-3.6	-12.7	-12.8	-17.8
Operating profit	3.4	2.7	8.6	7.5	7.9
Financial income	0.1	0.4	0.6	0.6	0.8
Finance expenses	-0.3	-0.4	-1.4	-1.3	-2.0
Profit before taxes	3.2	2.6	7.7	6.7	6.7
Income tax	-0.4	-0.7	-1.5	-1.7	-2.3
Profit for the period	2.8	2.0	6.2	5.0	4.4
Attributable to					
Equity holders of the parent company	2.6	1.4	5.1	3.7	3.0
Non-controlling interests	0.2	0.6	1.1	1.3	1.4
Earnings per share, EUR	4.50	2.35	8.72	6.38	5.16

Statement of comprehensive income			
EUR million	1–9/13	1–9/12	1–12/12
Profit for the period	6.2	5.0	4.4
Change in the fair value of available-for-sale investments	0.0	0.0	0.0
Exchange rate differences caused by net investments in a foreign subsidiaries	-0.2	1.2	0.6
Hedging for net investments in foreign subsidiaries	0.0	0.7	0.0
Other translation differences	-0.1	-0.3	0.0
Cash flow hedging	0.2	-0.4	-0.5
Other comprehensive income items	0.0	0.0	-0.5
Taxes associated with other comprehensive income items	0.1	0.1	0.1
Other comprehensive income for the period	6.2	6.3	4.2
Attributable to			
Equity holders of the parent company	5.0	5.0	2.8
Non-controlling interests	1.1	1.3	1.4

Consolidated statement of financial position			
EUR million	30.9.13	30.9.12	31.12.12
Assets			
Non-current assets			
Tangible assets	5.2	5.5	4.9
Goodwill	64.7	66.0	65.2
Other intangible assets	4.2	3.3	3.7
Available-for-sale investments	0.2	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	0.6	0.5	0.5
Total non-current assets	75.1	75.4	74.4

Current assets			
Inventories	0.1	0.5	0.3
Trade receivables	26.8	25.6	30.7
Other receivables	3.1	4.6	2.6
Tax assets based on the period's taxable income	4.2	4.2	1.9
Available-for-sale investments	0.0	0.0	0.0
Cash and cash equivalents	5.1	3.6	3.5
Total current assets	39.4	38.6	39.0
Total assets	114.5	114.0	113.5
Equity and liabilities			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Other reserves	1.6	1.5	1.5
Retained earnings	35.5	33.3	31.7
Equity attributable to equity holders of the parent company, total	50.7	48.3	46.7
Non-controlling interests	1.1	1.3	1.4
Total equity	51.9	49.7	48.1
Non-current liabilities			
Interest-bearing liabilities	21.3	26.4	23.8
Other liabilities	1.4	1.7	1.8
Deferred tax liabilities	0.5	1.4	0.7
Non-current liabilities, total	23.2	29.6	26.4
Current liabilities			
Interest-bearing liabilities	13.9	9.7	10.7
Trade payables	6.5	5.6	8.3
Other liabilities	19.0	19.4	19.9
Current liabilities, total	39.4	34.7	39.0
Total liabilities	62.6	64.1	65.3
Total equity and liabilities	114.5	114.0	113.5

Condensed statement of cash flows	1–9/13	1–9/12	1–12/12
EUR million			
Cash flow from operating activities			
Profit for the period	6.2	5.0	4.4
Adjustments to the profit for the period	5.2	5.9	8.5
Change in working capital	0.3	-2.8	0.8
Interest paid and received	-0.7	-1.4	-1.7
Taxes paid	-4.5	-4.5	-5.6
Cash flow from operating activities	6.5	2.3	6.3

Cash flow from investment activities			
Investments in tangible and intangible assets	-1.0	-0.9	-1.5
Changes in other investments	0.0	0.0	0.0
Cash flow from investment activities	-1.0	-0.9	-1.5
Cash flow from financing			
Changes in loans	0.2	-0.7	-2.7
Changes in equity	-2.4	-1.2	-2.9
Repayment of financial leasing liabilities	-1.7	-1.9	-1.9
Cash flow from financing	-3.9	-3.8	-7.5
Changes in cash and cash equivalents	1.6	-2.5	-2.6
Impact of exchange rate changes in cash and cash equivalents	0.0	0.1	0.1
Cash and cash equivalents at the beginning of the period	3.5	6.0	6.0
Cash and cash equivalents at the end of the period	5.1	3.6	3.5

Key figures	1–9/13	1–9/12	1–12/12
Turnover (EUR million)	112.6	106.1	145.2
Operating profit (EUR million)	8.6	7.5	7.9
% of turnover	7.7	7.1	5.5
Profit before taxes (EUR million)	7.7	6.7	6.7
% of turnover	6.9	6.4	4.6
Profit for the period (EUR million)	6.2	5.0	4.4
% of turnover	5.6	4.7	3.0
Earnings per share, EUR	8.72	6.38	5.16
Return on investment, %	14.4	12.8	10.6
Return on equity, %	16.6	14.0	9.3
Equity ratio, %	45.6	43.9	42.7
Net gearing, %	58.1	65.4	64.6
Interest-bearing net debt (EUR million)	30.1	32.2	31.1
Equity/share, EUR	86.1	82.1	79.9
Average number of employees	789	775	778
Number of shares	589,120	589,120	589,120

Consolidated statement of changes in equity	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Non-controlling interests	Total equity
Equity on 1 Jan 2012	0.3	13.3	-0.1	2.1	1.8	28.2	45.7	0.4	46.2
Comprehensive income									
Other comprehensive income items									
Profit/loss for the period						3.7	3.7	1.3	5.0
Exchange rate differences caused by net investments in a foreign subsidiary				1.2			1.2		1.2
Net investment hedging				0.7			0.7		0.7
Other translation differences				-0.3			-0.3		-0.3
Cash flow hedging					-0.4		-0.4		-0.4
Other comprehensive income items for the period after taxes	0.0	0.0	0.0	1.6	-0.3	3.7	5.0	1.3	6.3
Business operations with owners									
Distributed dividends						-2.1	-2.1	-0.4	-2.6
Share issue			-0.2				-0.2		-0.2
Total	0.0	0.0	-0.2	0.0	0.0	-2.1	-2.3	-0.4	-2.8
Differences caused by the conversion of the financial statements						-0.1	-0.1	0.0	0.0
Equity on 30 Sep 2012	0.3	13.3	-0.3	3.8	1.5	29.8	48.3	1.3	49.7

Consolidated statement of changes in equity	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Non-controlling interests	Total equity
Equity on 1 Jan. 2013	0.3	13.3	-0.4	3.7	1.5	28.4	46.7	1.4	48.1
Comprehensive income									
Other comprehensive income items									
Profit/loss for the period						5.1	5.1	1.1	6.2
Exchange rate differences caused by net investments in foreign subsidiaries				-0.2			-0.2		-0.2
Net investment hedging				0.0			0.0		0.0
Other translation differences				-0.1			-0.1		-0.1
Cash flow hedging					0.2		0.2		0.2
Taxes associated with other comprehensive income items					-0.1		-0.1		-0.1
Other comprehensive income items for the period after taxes	0.0	0.0	0.0	-0.2	-0.2	5.1	5.0	1.1	6.2
Business operations with owners									
Distributed dividends						-1.0	1.0	-1.4	-2.4
Acquisition of treasury shares			0.0				0.0		0.0
Total	0.0	0.0	0.0	0.0	0.0	-1.0	-1.0	-1.4	-2.4
Equity on 30 Sep 2013	0.3	13.3	-0.4	3.4	1.6	32.5	50.7	1.1	51.9

Turnover by business segment	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
EUR million					
IT Services	24.5	24.0	83.5	82.4	111.8
Information Logistics Services	9.6	8.3	29.1	25.5	35.4
Eliminations and others	-0.0	-0.7	-0.7	-1.7	-1.9
Group total	34.0	31.7	112.1	106.1	145.2

Operating profit by business segment	7-9/13	7-9/12	1-9/13	1-9/12	1-12/12
EUR million					
IT Services	1.8	1.4	5.1	4.1	3.2
Information Logistics Services	1.5	1.2	3.5	3.4	4.7
Eliminations and others	0.0	-0.1	0.0	0.0	0.0
Group total	3.4	2.7	8.6	7.5	7.9

Changes in tangible fixed assets	1-9/13	1-9/12	1-12/12
EUR million			
Carrying amount at the beginning of the period	4.9	5.2	5.2
Increases	2.7	2.0	2.9
Decreases	-0.6	0.0	-1.0
Depreciation and amortization	-1.8	-1.8	-2.3
Exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	5.2	5.4	4.9

Commitments and contingencies	30.9.13	30.9.12	31.12.2012
EUR million			
Liabilities with business mortgage or pledge as security			
Loans from financial institutions	29.7	32.2	30.1
Business mortgage	11.4	11.4	11.4
Subsidiary shares	16.4	14.8	16.4
<i>Derivative contracts</i>			
Interest swaps			
Current value	-0.3	-0.5	-0.5
Rated value SEK (78.445.920 SEK)	9.0	12.4	10.7
Rated value EUR	8.1	9.0	8.6
<i>Other liabilities</i>			
Leasing liabilities	7.7	5.4	6.1
Other rental liabilities	6.3	10.3	8.3
Other contingent liabilities	0.3	0.2	0.1
Other liabilities total	14.3	15.9	14.5



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Enfo is a Nordic IT company, offering IT outsourcing, business process outsourcing, and niche IT consulting designed to help our customers in Sweden, Norway, Denmark, Finland, to focus on their core business. With almost 50 years of experience developing proven IT solutions and concepts, along with the deep expertise of our nearly 800 top IT consultants, we make business processes simpler, smoother and smarter. Enfo's annual turnover is more than EUR 140 million. For further information about Enfo, please visit www.enfo.fi and www.enfo.se.

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