

Q1



INTERIM REPORT

1/1-31/3/2016



ENFO GROUP'S INTERIM REPORT 1/1-31/3/2016

Key points of the interim report

- Turnover in January–March increased by 16.2% and stood at EUR 39.9 (34.4) million.
- Operating profit (EBIT) without non-recurring items fell in January–March by 60.1% and stood at EUR 0.6 (1.4) million.
- Operating profit (EBIT) decreased in January–March by 88.3% and stood at EUR 0.2 (1.4) million. The operating profit includes EUR 0.4 million of non-recurring costs related to business reorganisation.
- Profit before taxes in January–March amounted to EUR -0.1 (1.3) million.
- Earnings per share in January–March were EUR -0.96 (1.25).
- The twelve-month return on investment was 0.8% (7.0).
- In January–March, Enfo Group employed an average of 900 (815) people. At the end of March, the Group employed a total of 896 (818) people.
- In January–March, cash flow from operating activities totalled EUR 0,1 (4.9) million.

Outlook for 2016

The Group's turnover is expected to increase in 2016. The operating profit is expected to decrease from the year before due to investments in new business operations. In addition, non-recurring costs arising from measures to improve the efficiency of specific business units will reduce this year's operating profit.

Risks and uncertainties

Short-term risks and uncertainties are associated with maintaining competitive prices in all of the Group's business areas.

The largest long-term uncertainties are associated with a decrease in demand for traditional IT services and the schedule of implementing changes in Enfo's strategy.

Arto Herranen, CEO:

Outlook on the macroeconomy in Enfo's main markets in Finland and Sweden remains unchanged. In Finland, the increase in the national economy is still close to zero, while there is increasing debate in Sweden over the overheating of the national economy. Demand for IT services is shifting more clearly towards new IT services that support digitisation.

Our turnover increased by 16.2% from the previous year to EUR 39.9 million. Our operating profit stood at EUR 0.2 million, showing a decrease of 88.3%. The ratio between the operating profit and turnover was 0.4%. As we have previously estimated, the operating profit was weighed down by investments in new business operations, such as IT outsourcing services in Sweden and outsourcing services for financial processes.

Entered into force from the beginning of 2016, our new organisation includes two new units which strengthen our service areas. One of these new units focuses on the development of new business operations, and the other serves our key customers. In addition, we performed an extensive rotation of duties in the management team. Through our new strategy and organisation, the focus of our operations will be shifted heavily towards new IT services that support digitisation. The implementation of our strategy and the start-up of our new organisational model have succeeded as planned. As part of our new strategy, we completed a business transaction in January by acquiring Swedish Next Improvement AB. This strengthens the customer base and solution range of our Service and Asset Management unit.

Timetable for financial reporting in 2016

The 2016 Q2 interim report will be published on 26 August 2016 and the Q3 interim report on 31 October 2016, deviating from our previous announcement. The 2016 financial statements bulletin will be issued on 2 March 2017.

Enfo's business operations

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

IT Services

The first part of the year of the IT Services unit proceeded as planned. Sales grew by 22.5% to EUR 31.2 (25.5) million and operating profit decreased by -8.8% to EUR 0.4 (0.4) million compared with the corresponding quarter in the year before. Our customers are showing increasing interest in digitisation in Finland and Sweden and, to respond to this demand, we are actively building a new service range to help our customers to utilise the opportunities offered by digitisation.

The Group's internal development programme, launched at the end of 2015, was continued in a number of different business functions. The objective of the programme is to respond to the changing business needs of our customers and to offer an even better service experience to our customers. The cross-sales of services throughout Enfo will be promoted by offering services more actively across country and unit boundaries. This will add value to our customers throughout the life cycle of service solutions. Through cross-sales, we are able to help our customers to plan, implement and operate their business solutions.

Enfo expanded its service range by acquiring Swedish Next Improvement AB in January 2016. Through the transaction, Enfo strengthened its market position as a provider of business consulting, in particular, in Process Innovation and Service and Asset Management consulting services. Our BI Analytics business grew as a result of the increasing need of our customers to improve the efficiency of their data management services. We will deliver services from the competence area of BI and analytics solutions, which also includes Enfo Rongo in Finland, a company acquired in November 2015. In addition to business acquisitions, the organisation was strengthened through new recruited employees. Furthermore, development

resources were allocated, during the first quarter, to automated services and cloud services, in particular, as well as application service operations, towards which the market is showing increasing interest.

New agreements were signed with expanding, existing and new customers. Examples of these include Martela, Etteplan, Mediq and Kuopion Energia. In addition, we signed a significant new agreement with Oriola, as a result of which Enfo will supply workstation, network, local support and server services to Oriola in Finland and Sweden.

Financial Process Services

There was reasonable demand for Financial Process Services during the first quarter of 2016. Price erosion, together with the loss of a single customer in 2015, decreased the turnover of the first part of 2016 in relation to the first quarter of 2015. The turnover was EUR 8.9 (9.3) million, showing a decrease of 3.9% from the previous year.

The operating profit decreased to EUR -0.2 (1.0) million. The operating profit was reduced by investments in service development and price competition in invoice operator services. The investments in development mainly concerned the strengthening of the operating conditions of financial process outsourcing services, the cloud-based MS AX service platform, and the digitisation of the service platform of invoice operations.

There is significant growth potential in the outsourcing of financial processes in medium-sized and large companies, and the situation appears to be similar as that in IT outsourcing 10 years ago when the IT market opened up. During the first quarter, focus was placed on the start-up of the agreements we won at the end of last year through bidding processes. New agreements were signed, for example, with Mediatalo Esa.

The development of financial process outsourcing services and the recruitment of new professionals have proven to have been correct solutions. The increase in demand for outsourcing services, which continued during first part of 2016, offers positive hints at the expansion of business operations to new customer accounts in 2016.

Turnover and result

The Group's turnover increased by 16.2% to EUR 39.9 (34.4) million. Enfo Group's profitability fell in January–March, with operating profit totalling EUR 0.2 (1.4) million, comprising 0.4% (4.1) of turnover.

The Group's profit before taxes in January–March stood at EUR -0.1 (1.3) million, comprising -0.2% (3.9) of turnover. The Group's net financing costs in January–March were EUR -0.3 (-0.1) million. The result in January–March was EUR -0.1 (1.1) million, comprising -0.2% (3.1) of turnover. Earnings per share in January–March were EUR -0.96 (1.25).

Development by reporting segment

In January–March, the turnover of IT Services increased by 22.5% to EUR 31.2 (25.5) million. Operating profit decreased by 8.8% to EUR 0.4 (0.4) million. In January–March, the turnover of Financial Process Services decreased by 3.9% to EUR 8.9 (9.3) million. The operating profit decreased to EUR -0.2 (1.0) million.

Financing and investments

Enfo's net investments in January–March stood at EUR 0.6 million (0.6). The investments mainly consisted of data centre hardware acquired through financial leasing agreements.

The company's equity ratio was 42.0% (41.5) at the end of the review period. Interest-bearing net liabilities at the end of March amounted to EUR 30.1 (24.4) million and net gearing was 58.9% (48.8).

Personnel

In January–March, Enfo Group employed an average of 900 people (815). At the end of March, the Group employed a total of 896 (818) people.

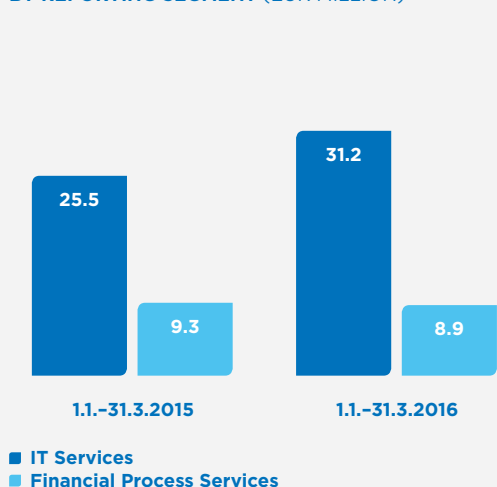
Enfo's IT Services unit employed an average of 747 (687) people in January–March, while Financial Process Services employed an average of 98 (102) people. Of Enfo's personnel, 415 (359) were employed in Finland and 485 (456) in Sweden during the review period.

Shares

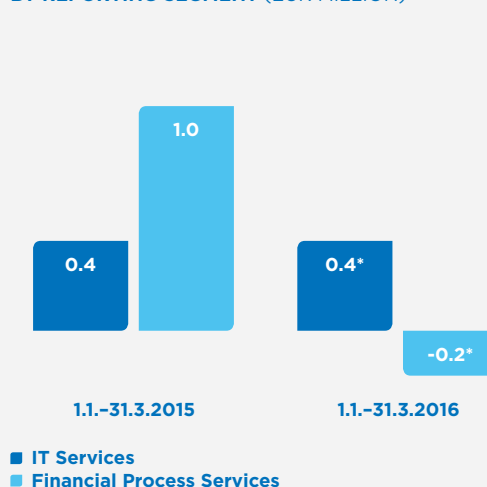
On 31 March 2016, Enfo Oyj had a total of 600,833 shares. At the end of March, Enfo had a total of 116 shareholders. The company has one series of shares. Enfo owned 1,011 of its treasury shares at the end of March 2016.

At the end of March 2016, the ten largest shareholders in the company were: Osuuskunta KPY, Ilmarinen Mutual Pension Insurance Company, Enfo Oyj's Personnel Fund HR, Rongo Cap Oy, Einari Vidgrén Oy, Keski-suomalainen Oyj, Pohjois-Savon Osuuspankki, Hannu Isotalo Oy, Kallax Oy and Arto Herranen. Osuuskunta KPY's share of ownership is 84.91%.

DEVELOPMENT OF TURNOVER
BY REPORTING SEGMENT (EUR MILLION)



DEVELOPMENT OF OPERATING PROFIT
BY REPORTING SEGMENT (EUR MILLION)



* The figures include EUR 0.4 million in non-recurring items.

Annual General Meeting and administration

On 30 March 2016, Enfo Oyj's Annual General Meeting decided, in accordance with the proposal of the Board of Directors that a dividend of EUR 5.90 per share be paid for the financial period ending on 31 December 2015, i.e. a total of EUR 3,538,949.80. The dividend will be paid on 27 May 2016.

According to the proposal of the Nomination Committee, Tapio Hakakari, Lauri Kerman, Timo Kärkkäinen and Soili Mäkinen were re-appointed as members of the Board of Directors. Anssi Lehtikoinen and Kaisa Olkkonen were selected as new members. At the organisation meeting held after the Annual General Meeting, the Board of Directors elected Tapio Hakakari as the Chairman and Timo Kärkkäinen as the Deputy Chairman.

PricewaterhouseCoopers Oy was selected as the auditor. The AGM decided to unanimously discharge the Board of Directors and the CEO from liability for the 2015 financial period.

The AGM authorised the Board of Directors to decide upon the issuance of new shares through a rights issue. The authorisation concerns the issuance of a maximum of 175,000 shares. Shares can be conveyed in order to obtain assets required in connection with a company or business acquisition. The Board of Directors decides on the subscription price and other terms and conditions of the share issue.

In addition, the Annual General Meeting authorised the Board of Directors to decide on conveying new or treasury shares through a directed rights issue. The authorisation applies to the assignment and/or issue of no more

than 10,000 shares. Shares can also be conveyed and/or issued in order to finance or complete any business transactions, or as part of the company's salary and incentive scheme for the company's personnel and the personnel fund. The Board of Directors decides on the subscription price and other terms and conditions of the share issue.

Furthermore, the Board of Directors was authorised to decide on the acquisition of the company's treasury shares using the company's unrestricted equity. The authorisation applies to the acquisition of a maximum of 10,000 shares at a minimum share price of EUR 1.00 and a maximum share price of EUR 120. The shares can be purchased for use as consideration when the company acquires assets for its business operations, for any business acquisitions, as part of the company's salary or incentive system, or in order to fulfil the company's share repurchase commitments and for cancellation. The Board of Directors can decide upon the acquisition price and other acquisition terms. The authorisations are valid until the end of the next Annual General Meeting.

Accounting principles

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 2015 financial statements. The figures in the tables have been rounded to the nearest million euros and may not add up to exact totals. The figures presented in the tables are unaudited.

Consolidated income statement

EUR million	1-3/16	1-3/15	1-12/15
Turnover	39.9	34.4	140.6
Other operating income	0.0	0.8	1.0
Materials and services	-13.7	-11.5	-46.1
Employee benefit expenses	-19.6	-16.9	-65.1
Depreciation and amortisation	-1.5	-1.3	-5.2
Other operating expenses	-4.9	-4.1	-17.8
Operating profit	0.2	1.4	7.5
Financial income	0.0	0.2	0.5
Financial expenses	-0.3	-0.3	-1.3
Profit before taxes	-0.1	1.3	6.8
Income tax	0.0	-0.3	-1.4
Profit for the period	-0.1	1.1	5.4
Attributable to			
Equity holders of the parent company	-0.6	0.7	4.4
Non-controlling interests	0.5	0.3	1.0
Earnings per share, EUR	-0.96	1.25	7.39

Statement of comprehensive income

EUR million	1-3/16	1-3/15	1-12/15
Profit for the period	-0.1	1.1	5.4
Exchange rate differences caused by net investments in foreign subsidiaries	-0.1	0.2	0.4
Other translation differences	0.0	0.1	0.2
Net investment hedging	0.0		0.1
Cash flow hedging	0.0	0.0	0.1
Other comprehensive income for the period	-0.2	1.4	6.2
Attributable to			
Equity holders of the parent company	-1.2	1.1	5.2
Non-controlling interests	1.0	0.3	1.0

Consolidated statement of financial position

EUR million	31/3/16	31/3/15	31/12/15
Assets			
Non-current assets			
Tangible assets	4.2	5.1	4.4
Goodwill	72.3	62.8	71.5
Other intangible assets	8.4	6.6	9.2
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	1.2	0.2	1.4
Total non-current assets	86.4	74.9	86.7
Current assets			
Inventories	0.2	0.3	0.1
Trade receivables	25.6	22.1	26.4
Other receivables	4.1	3.0	3.3
Tax assets based on the period's taxable income	2.2	3.8	2.0
Available-for-sale investments	0.0	0.0	0.0
Cash and cash equivalents	3.6	16.8	5.7
Total current assets	35.7	46.0	37.4
Total assets	122.1	120.9	124.1
Equity and liabilities			
Equity			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Other reserves	4.7	1.8	4.8
Retained earnings	31.0	32.9	35.1
Equity attributable to equity holders of the parent company, total	49.3	48.2	53.5
Non-controlling interests	1.9	1.7	1.4
Total equity	51.1	50.0	54.9
Non-current liabilities			
Interest-bearing liabilities	22.7	26.0	23.2
Other liabilities	5.1	0.5	5.0
Deferred tax liabilities	1.0	0.7	1.1
Non-current liabilities, total	28.8	27.2	29.3
Current liabilities			
Interest-bearing liabilities	11.0	15.1	10.2
Trade payables	8.4	6.4	9.7
Other liabilities	22.7	22.2	20.0
Current liabilities, total	42.1	43.7	39.9
Total liabilities	70.9	70.9	69.2
Total equity and liabilities	122.1	120.9	124.1

Condensed statement of cash flows

EUR million	1-3/16	1-3/15	1-12/15
Cash flow from operating activities			
Profit for the period	-0,1	1,1	5,4
Adjustments to the profit for the period	1,8	1,5	6,6
Change in working capital	-1,0	2,2	2,5
Interest paid and received	-0,1	-0,2	-1,1
Taxes paid	-0,4	0,3	-1,3
Cash flow from operating activities	0,1	4,9	12,1
Cash flow from investment activities			
Acquisition of subsidiaries less cash and cash equivalents on the acquisition date	-2,1		-3,8
Investments in tangible and intangible assets	-0,1	-0,4	-1,6
Sales gains from business transactions			1,0
Cash flow from investment activities	-2,2	-0,4	-4,4
Cash flow from financing			
Changes in loans	0,7	-0,4	-7,0
Changes in equity	-0,8	0,0	-4,9
Repayment of financial leasing liabilities		-0,8	-3,3
Cash flow from financing	-0,1	-1,3	-15,2
Changes in cash and cash equivalents	-2,1	3,5	-7,6
Impact of exchange rate changes on cash and cash equivalents	0,0	0,0	-0,1
Cash and cash equivalents at the beginning of the period	5,7	13,3	13,3
Cash and cash equivalents at the end of the period	3,6	16,8	5,7

Key figures

EUR million	1/1-31/3/2016	1/1-31/3/2015	1/1-31/12/2015
Turnover (EUR million)	39.9	34.4	140.6
Operating profit (EUR million)	0.2	1.4	7.5
% of turnover	0.4	4.1	5.4
Profit before taxes (EUR million)	-0.1	1.3	6.8
% of turnover	-0.2	3.9	4.8
Profit for the period (EUR million)	-0.1	1.1	5.4
% of turnover	-0.2	3.1	3.8
Earnings per share, EUR	-1.0	1.25	7.39
Return on investment, %	0.8	7	8.8
Return on equity, %	-0.5	8.5	10.1
Equity ratio, %	42.0	41.5	44.4
Net gearing, %	58.9	48.8	50.7
Interest-bearing net liabilities (EUR million)	30.1	24.4	27.8
Equity/share, EUR	82.2	82.3	89.0
Average number of employees	900	815	818
Number of shares	600,883	590,833	600,883

Changes in equity

EUR million	Share capital	Share premium account	Treasury shares	Translation differences	Value change and other funds	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2015	0.3	13.3	-0.1	1.2	1.8	34.2	50.6	1.4	52.0
Profit/loss for the period						0.7	0.7	0.3	1.1
Comprehensive income									
Other comprehensive income items									
Exchange rate differences caused by net investment in foreign subsidiaries				0.2			0.2		0.2
Other translation differences				0.1			0.1	0.0	0.1
Other comprehensive income items for the period after taxes	0.0	0.0	0.0	0.3	0.0	0.0	0.3	0.0	0.4
Other comprehensive income for the period				0.3	0.0	0.7	1.1	0.4	1.4
Business operations with owners									
Distributed dividends						-3.5	-3.5	0.0	-3.5
Total	0.0	0.0	0.0	0.0	0.0	-3.5	-3.5	0.0	-3.5
Equity on 31 March 2015	0.3	13.3	-0.1	1.5	1.8	31.4	48.2	1.7	49.9

EUR million	Share capital	Share premium account	Treasury shares	Translation differences	Value change and other funds	Retained earnings	Total	Non-controlling interests	Total equity
Equity on 1 Jan 2016	0.3	13.3	-0.1	2.1	2.9	35.1	53.5	1.4	54.9
Profit/loss for the period						-0.6	-0.6	0.5	-0.1
Comprehensive income									
Other comprehensive income items									
Exchange rate differences caused by net investment in foreign subsidiaries				-0.1			-0.1		-0.1
Other translation differences				-0.1		0.0	0.0	0.0	0.0
Other comprehensive income items for the period after taxes	0.0	0.0	0.0	-0.1	0.0	0.0	-0.1	0.0	-0.1
Other comprehensive income for the period				-0.1	0.0	-0.5	-0.7	0.5	-0.2
Business operations with owners									
Distributed dividends						-3.5	-3.5		-3.5
Total	0.0	0.0	0.0	0.0	0.0	-3.5	-3.5	0.0	-3.5
Equity on 31 March 2016	0.3	13.3	-0.1	1.9	2.9	31.0	49.3	1.9	51.1

Turnover by business segment

EUR million	1-3/16	1-3/15	1-12/15
IT Services	31.2	25.5	110.5
Financial Process Services	8.9	9.3	32.4
Group items and others	-0.2	-0.4	-2.2
Group total	39.9	34.4	140.6

Operating profit by business segment

EUR million	1-3/16	1-3/15	1-12/15
IT Services	0.4	0.4	6.4
Financial Process Services	-0.2	1.0	1.2
Group items and others	0.0	0.0	0.0
Group total	0.2	1.4	7.5

Changes in tangible fixed assets

EUR million	1/3/16	1/3/15	1/12/15
Carrying amount at the beginning of the period	4.4	5.2	5.2
Increases	0.5	0.6	1.8
Decreases	0.0	-0.1	-0.2
Depreciation and amortisation	-0.6	-0.6	-2.5
Carrying amount at the end of the period	4.2	5.1	4.4

Commitments and contingencies

EUR million	31/3/16	31/3/15	31/12/15
Debts and their securities			
Loans from financial institutions	19.2	25.1	18.5
Business mortgage	0.0	11.4	0.0
Subsidiary shares	0.0	16.4	0.0
Derivative contracts			
Interest swaps			
Fair value	-0.1	-0.2	-0.1
Rated value SEK (SEK 13,074,320)	1.4	4.2	1.4
Rated value EUR	5.9	6.8	5.9
Other liabilities			
Leasing liabilities	5.9	6.6	6.1
Other rental liabilities	8.5	6.1	7.3
Other contingent liabilities	0.0	0.0	0.0
Bank guarantees	0.3	0.3	0.2
Total other liabilities	14.7	13.0	13.7



Simpler, smarter and smoother business in the Digital Dimension

Enfo creates innovative digital solutions that develop, innovate and improve operations in all lines of business. With business awareness, technical expertise and proven work methods, we refine information flows and develop IT solutions so that our clients take the initiative in a digitalized world and are able to deliver results and experiences to their clients. Enfo consists of 1,000 niche experts in Finland and Sweden. Turnover MEUR 140 (2015).

For more information visit enfogroup.com

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