

## Enfo Oyj's financial statements bulletin 1 January – 31 December 2012

### Highlights in the financial statements bulletin

- Turnover in October–December decreased by 4.9% and stood at EUR 39.1 million (41.1). Turnover in January–December increased by 1.3% to EUR 145.2 million (143.2).
- Operating profit (EBIT) in October–December amounted to EUR 0.4 million (3.1). Operating profit in January–December stood at EUR 7.9 million (7.3). The October–December operating profit was lowered by non-recurring costs of EUR 1.7 million from customer projects of Consulting Services, and non-recurring business reorganisation costs of EUR 1.2 million in Sweden.
- Profit before taxes in October–December amounted to EUR 0.0 million (2.3). Profit before taxes in January–December stood at EUR 6.7 million (6.3).
- Earnings per share in October–December were EUR -1.23 (2.30). In January–December, earnings per share were EUR 5.16 (7.19).
- The twelve-month return on investment was 10.6% (9.7%).
- In January–December, Enfo Group employed an average of 778 people (727). At the end of December, the Group employed a total of 792 people (771).
- Business cash flow in January–December stood at EUR 6.3 million (6.8).
- The company estimates the Group's turnover and operating profit to be at the previous year's level in the first quarter of 2013.

### Market

Macroeconomic uncertainty continues to affect the decision-making behaviour of customer companies within the company's main market area in Finland and Sweden. Caution in launching new projects decreases demand for the company's consulting services.

In 2012, the company estimates that IT service market growth was 1–2% in Finland and Sweden. This year, the market growth may be slightly higher than the year before.

### 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

Enfo's Outsourcing Services developed positively in Finland and Sweden in 2012 despite the uncertainty associated with the general economic situation. Due to the uncertainty over economic development, companies were eager to enter their services in competitive bidding. Enfo increased its market share in Finland by gaining several new extensive IT agreements. In addition, Enfo's current customers extended and expanded their service agreements. The range of Finnish Consulting Services supplemented Outsourcing Services, with infrastructure projects being productive because, last year, the majority of Enfo's customers switched to the Windows 7 operating system as part of their service expansions. In Consulting Services, demand for identity management projects was at the previous year's level in Finland.

One of the most significant IT agreements signed in 2012 was the service agreement signed with VR Group, according to which VR Group selected Enfo as its IT partner for basic IT services. The agreement covers the

availability and capacity services of the Group's servers, as well as service desk and workstation services in an IT environment of nearly 9,000 users. The total value of the four-year agreement is more than EUR 20 million. New agreements were also signed with PwC (PricewaterhouseCoopers), a company specialised in business management consulting, auditing and business arrangements, and Arek Oy, an IT system developer in the employment pension industry.

Last year was a time of strong development of Enfo's Nordic Outsourcing Services. In order to strengthen the progress of its IT services and to produce services of even higher quality for its customers, Enfo introduced the IT service management system MyEnfo, with which the efficiency of daily processes and services can be improved even further. In addition, Enfo invested in the revised management of workstations, mobile devices and servers. In Outsourcing Services, the objective is to strengthen uniform processes in customer account management, service range and service production between Finland and Sweden.

In Industry Verticals, a number of cooperation projects related to traffic development with VR and the Helsinki Regional Transport Authority (HSL) proceeded as planned last year. Demand for Unified Communications is expected to grow further this year. For example, the energy industry has made massive investments in the development of communications solutions. In Unified Communications, new agreements were signed in 2012 with the games and entertainment company Rovio, and Citycon Oyj.

In Sweden, the uncertain global economy was reflected in the development of Consulting Services. Customers were more cautious, closely following the general economic situation. There was demand for consulting services that reduce costs rapidly and improve the efficiency of business operations, such as integration projects and SAP services. The market was characterised by fierce price competition, and customers entered their projects in competitive bidding, which had an impact on the profitability trend of Consulting Services. As a result of the fierce price competition, the profitability of fixed-price customer projects fell clearly from the previous year. In 2012, Enfo signed consulting agreements with the European Spallation Source (ESS) research centre, the oil company Preem AB, the financial company VolvoFinans, and the packaging company DS Smith. In addition, Microsoft selected Enfo Zipper, a company specialised in IT infrastructure consulting, as its 2012 VIP Desktop Partner.

In Information Logistics Services, 2012 was a year of heavy development. Enfo expanded its invoicing service range to invoice material validations and payment supervision services and, according to its new information logistics strategy, Enfo steered its service development towards intelligent data processing. Demand for electronic services continued to be strong, with new intelligent data processing services raising interest among customers. The market has been expecting new service concepts for analysing the increasing volume of data and reporting it for business purposes. In order to strengthen the independent development of Information Logistics Services, Enfo Oyj announced in September 2012 it would corporatize the operations of Information Logistics Services under Enfo Zender Oy. The company was entered in the Trade Register on 5 September 2012 and started its independent operations on 1 October 2012.

New agreements were signed with the Hospital District of Helsinki and Uusimaa (HUS). HUS selected Enfo as its information logistics operator regarding the transfer of sales invoices and customer letters. The agreement covers nearly 1.3 million invoices, 800,000 pages of invoice attachments and 100,000 customer letters that comprise only part of all customer letters sent by HUS every year. The total value of the agreement is more than EUR 1.9 million over three years. In addition, the joint municipal authority Puhti operating in Western Uusimaa signed an agreement with Enfo on its e-invoice and printing services.

Enfo will deliver remotely read electric meters to Rauman Energia and Vakka-Suomen Voima to a total of 43,000 locations. The pilot installation started in 2012. The value of the ten-year agreement is nearly EUR 10 million.

### **Turnover**

Enfo Group's turnover in October–December decreased by 4.9% to EUR 39.1 million (41.1). In January–December, turnover grew by 1.3% to EUR 145.2 million (143.2). The consolidated turnover was decreased by the strategic reduction in hardware sales in Finland. The turnover was increased by stronger demand for Outsourcing Services.

*Development of turnover by reporting segment*

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
IT Services	29.5	32.9	111.8	109.9
Information Logistics Services	10.0	8.7	35.4	35.2

The turnover of IT Services in October–December decreased by 10.4% to EUR 29.5 million (32.9). In January–December, turnover increased by 1.7% to EUR 111.8 million (109.9). The decrease in turnover is partly caused by the large non-recurring software sale completed in the corresponding period in the reference year. The full-year turnover was increased by strong demand for Outsourcing Services.

The turnover of Information Logistics Services grew in October-December by 15.4% to EUR 10.0 million (8.7), and the full-year turnover increased by 0.7% to EUR 35.4 million (35.2). The increase in turnover was caused by stronger demand for automatic meter reading services (AMM) and intelligent data processing services.

**Profitability**

Enfo Group's operating profit decreased by 85.9% in October-December and stood at EUR 0.4 million, representing 1.1% of turnover (EUR 3.1 million and 7.6%). The Group's operating profit in January–December was EUR 7.9 million (7.3), comprising 5.5% of turnover (5.1%). The Group's October-December operating profit contains non-recurring costs of EUR 1.7 million from customer projects of Consulting Services, and business reorganisation costs of EUR 1.2 million in Sweden. The increase in the Group's profitability was affected by the efficiency measures performed last year in Outsourcing Services.

The Group's profit before taxes in October-December stood at EUR -0.0 million (2.3), comprising -0.1% of turnover (5.7%). Profit before taxes in January-December stood at EUR 6.7 million, comprising 4.6% of turnover (EUR 6.3 million and 4.4%). The Group's net financing costs stood at EUR 0.5 million (0.8) in October–December, and EUR 1.2 million (1.0) in January-December. The result in October-December was EUR -0.6 million or -1.6% of turnover (1.8 and 4.3%). The result in January-December was EUR 4.4 million (4.7), comprising 3.0% of turnover (3.3%). Earnings per share in October-December were EUR -1.23 (2.03). In January-December, earnings per share were EUR 5.16 (7.19).

*Development of operating profit by reporting segment*

EUR million	10-12/2012	10-12/2011	1-12/2012	1-12/2011
IT Services	-0.9	1.6	3.2	2.3
Information Logistics Services	1.3	1.4	4.7	5.0

The decrease in the operating profit of IT Services during the final quarter shows the non-recurring costs from customer projects in Swedish Consulting Services and business reorganisation costs. The operating profit was increased by the efficiency measures in Outsourcing Services and the increase in turnover in Finland. In addition, Industry Verticals improved its profitability.

The decrease in the operating profit of Information Logistics Services shows the tighter information logistics market and increased price competition.

**Financing and investments**

Enfo's net investments stood at EUR 1.2 million (3.1) in October-December, and EUR 3.8 million (11.3) in



January-December. The investments were mainly allocated to data centre hardware acquired through financial leasing agreements and development costs arising from data systems.

The company's equity ratio was 42.7% (41.1) at the end of the period. Interest-bearing net liabilities at the end of December amounted to EUR 31.1 million (29.7) and net gearing was 64.6% (64.4).

### **Personnel**

In January-December, Enfo Group employed an average of 778 people (727). At the end of December, the Group employed a total of 792 people (771).

Enfo's IT Services unit employed an average of 679 people in January-December (636), and the Information Logistics Services unit employed an average of 74 people (75). Of Enfo's personnel, 332 (346) were employed in Finland and 446 (381) 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 Ilmarinen Mutual Pension Insurance Company.

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 Johan de Verdier (Consulting Services) until 31 October 2012, Executive Vice President Osmo Wilska (Outsourcing Services), Managing Director Tero Saksman (Enfo Zender), Executive Vice President Lars Aabol (Consulting Services), Managing Director Magnus Björk (Enfo Zipper) until 30 November 2012, Managing Director Fredrik Bergman (Enfo Zsystems) from 1 December 2012, Managing Director Peter Lörintz (Enfo Zipper), Business Unit Director Johan Wilhelmsson (Outsourcing Sweden) and Marketing Director Adam Ritzén.

### **Shares**

On 31 December 2012, Enfo Oyj had a total of 589,120 shares. At the end of the period, the company had a total of 106 shareholders. The company has one series of shares. Enfo owned 4,950 of its treasury shares at the end of December 2012.

At the end of 2012, 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, Enfo Oyj, Einari Vidgrén Oy, Keski-suomalainen Oyj, Pohjois-Savo Cooperative Bank, and Hannu Isotalo Oy. Osuuskunta KPY's share of ownership is 81.9%.

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

On 14 February 2013, Enfo was selected as one of the best workplaces in Finland in the survey organised by Great Place to Work Institute Finland. Enfo placed 16th on the list.

### **Forecast for likely future development**

The company estimates the Group's turnover and operating profit to be at the previous year's level in the first quarter of 2013.

### **Risks and uncertainties**

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

**Distribution of profit**

On 31 December 2012, the parent company's distributable funds totalled EUR 26,725,178.17. The company's Board of Directors will propose to the Annual General Meeting that a dividend of EUR 1.70 per share be paid for the 2012 financial period. The dividend will be 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, 26 March 2013. The dividend will be paid on 31 May 2013.

The Board of Directors will also propose 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 3.40 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 2013**

The 2012 financial statements and annual report will be published on the Enfo Oyj website on 28 February 2013 at 12:00 noon. Enfo Oyj's Annual General Meeting will be held on 21 March 2013.

The 2013 Q1 interim report will be published on 2 May 2013, the Q2 interim report on 29 August 2013 and the Q3 interim report on 24 October 2013.

**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.

<b>Consolidated income statement</b>				
EUR million	10-12/12	10-12/11	1-12/12	1-12/11
<b>Turnover</b>	39.1	41.1	145.2	143.2
Other operating income	0.1	0.6	0.2	0.6
Materials and services	-14.6	-15.6	-49.2	-55.9
Employee benefit expenses	-18.0	-16.5	-65.9	-58.7
Depreciation, amortisation and impairment	-1.2	-1.2	-4.6	-4.5
Other operating expenses	-5.0	-5.3	-17.8	-17.5
<b>Operating profit</b>	0.4	3.1	7.9	7.3
Financial income	0.2	0.3	0.8	0.4
Finance expenses	-0.7	-0.4	-2.0	-1.4
<b>Profit before taxes</b>	0.0	2.3	6.7	6.3
Income tax	-0.6	0.6	-2.3	-1.6
<b>Profit for the period</b>	-0.6	1.8	4.4	4.7
Attributable to				
Equity holders of the parent company	-0.7	1.3	3.0	4.2
Non-controlling interests	0.1	0.4	1.4	0.4
Earnings per share, EUR	-1.23	2.30	5.16	7.19

<b>Statement of comprehensive income</b>		
EUR million	1-12/12	1-12/11
<b>Profit for the period</b>	4.4	4.7
Change in the fair value of available-for-sale investments	0.0	0.0
Exchange rate differences caused by net investments in foreign subsidiaries	0.6	0.2
Hedging for net investments in foreign subsidiaries	0.0	
Other translation differences	0.0	0.1
Cash flow hedging	-0.5	
Other comprehensive income items	-0.5	
Taxes associated with other comprehensive income items	0.1	0.0
<b>Other comprehensive income for the period</b>	4.2	4.9
Attributable to		
Equity holders of the parent company	2.8	4.5
Non-controlling interests	1.4	0.4

<b>Consolidated statement of financial position</b>		
EUR million	31 Dec. 2012	31 Dec. 2011
<b>Assets</b>		
<b>Non-current assets</b>		
Tangible assets	4.9	5.2
Goodwill	65.2	63.3
Other intangible assets	3.7	4.2
Available-for-sale investments	0.1	0.1
Receivables	0.1	0.1
Deferred tax assets	0.5	0.4
<b>Non-current assets, total</b>	<b>74.4</b>	<b>73.3</b>

<b>Current assets</b>		
Inventories	0.3	0.3
Trade receivables	30.7	28.4
Other receivables	2.6	3.0
Tax assets based on the period's taxable income	1.9	2.3
Available-for-sale investments	0.0	0.0
Cash and cash equivalents	3.5	6.0
<b>Total current assets</b>	<b>39.0</b>	<b>40.0</b>
<b>Total assets</b>	<b>113.5</b>	<b>113.3</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	0.3	0.3
Share premium account	13.3	13.3
Other reserves	1.5	1.8
Retained earnings	31.7	30.3
<b>Equity attributable to equity holders of the parent company, total</b>	<b>46.7</b>	<b>45.7</b>
<b>Non-controlling interests</b>	<b>1.4</b>	<b>0.4</b>
<b>Total equity</b>	<b>48.1</b>	<b>46.2</b>
<b>Non-current liabilities</b>		
Interest-bearing liabilities	23.8	27.5
Other liabilities	2.5	3.0
<b>Non-current liabilities, total</b>	<b>26.4</b>	<b>30.5</b>
<b>Current liabilities</b>		
Interest-bearing liabilities	10.7	8.2
Trade payables	8.3	6.7
Other liabilities	19.9	21.7
<b>Current liabilities, total</b>	<b>39.0</b>	<b>36.6</b>
<b>Total liabilities</b>	<b>65.3</b>	<b>67.1</b>
<b>Total equity and liabilities</b>	<b>113.5</b>	<b>113.3</b>

<b>Condensed statement of cash flows</b>	1-12/12	1-12/11
EUR million		
<b>Cash flow from operating activities</b>		
Profit for the period	4.4	4.7
Adjustments to the profit for the period	8.5	6.9
Change in working capital	0.8	-0.6
Interest paid and received	-1.7	-1.1
Taxes paid	-5.6	-3.1
<b>Cash flow from operating activities</b>	<b>6.3</b>	<b>6.8</b>

<b>Cash flow from investment activities</b>		
<b>Acquisition of subsidiaries less financial assets on the acquisition date</b>		-4.8
Investments in tangible and intangible assets	-1.5	-0.7
Acquired operations		-1.7
Changes in other investments		-0.2
<b>Cash flow from investment activities</b>	<b>-1.5</b>	<b>-7.4</b>
<b>Cash flow from financing</b>		
Changes in loans	-2.7	2.5
Changes in equity	-2.9	-2.8
Repayment of financial leasing liabilities	-1.9	-1.2
<b>Cash flow from financing</b>	<b>-7.5</b>	<b>-1.5</b>
<b>Changes in cash and cash equivalents</b>	<b>-2.6</b>	<b>-2.2</b>
Impact of exchange rate changes in cash and cash equivalents	0.1	0.0
Cash and cash equivalents at the beginning of the period	6.0	8.1
Cash and cash equivalents at the end of the period	3.5	6.0

<b>Key figures</b>	1-12/12	1-12/11
Turnover (EUR million)	145.2	143.2
Operating profit (EUR million)	7.9	7.3
% of turnover	5.5	5.1
Profit before taxes (EUR million)	6.7	6.3
% of turnover	4.6	4.4
Profit for the period (EUR million)	4.4	4.7
% of turnover	3.0	3.3
Earnings per share, EUR	5.16	7.19
Return on investment, %	10.6	9.7
Return on equity, %	9.3	10.2
Equity ratio, %	42.7	41.1
Net gearing, %	64.6	64.4
Interest-bearing net debt (EUR million)	31.1	29.7
Equity/share, EUR	79.9	77.7
Average number of employees	778	727
Number of shares	589,120	589,120



	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
<b>Consolidated statement of changes in equity</b>									
<b>Equity on 1 Jan. 2011</b>	0.3	13.3	0.0	1.9	1.6	27.8	44.9		44.9
<b>Comprehensive income</b>									
Other comprehensive income items									
Profit/loss for the period						4.3	4.3	0.4	4.7
Exchange rate differences caused by net investments in foreign subsidiaries				0.2			0.2		0.2
Other translation differences				0.0			0.0		0.0
Other comprehensive income items for the period after taxes				0.3		4.3	4.5		4.9
<b>Business operations with owners</b>									
Distributed dividends						-2.9	-2.9		-2.9
Share issue					0.2		0.2		0.2
Acquisition of treasury shares			-0.1				0.0		0.0
Redemption obligation						-0.9	-0.9		-0.9
Total					0.2	-3.8	-3.7		-3.7
Differences caused by the conversion of the financial statements				-	0.1	0.1	0.0		0.0
<b>Equity on 31 Dec. 2011</b>	0.3	13.3	-0.1	2.1	1.8	28.2	45.7	0.4	46.2

	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
<b>Consolidated statement of changes in equity</b>									
<b>Equity on 1 Jan. 2012</b>	0.3	13.3	-0.1	2.1	1.8	28.2	45.7	0.4	46.2
<b>Comprehensive income</b>									
Other comprehensive income items									
Profit/loss for the period						3.0	3.0	1.4	4.4
Exchange rate differences caused by net investments in foreign subsidiaries				0.6			0.6		0.6
Net investment hedging				0.0			0.0		0.0
Other translation differences				0.0			0.0	0.0	0.1
Cash flow hedging					-0.5		-0.5		-0.5
Adjustments from previous periods in equity						-0.6	-0.6		-0.6
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	0.7	-0.4	2.4	2.7	1.4	4.2
<b>Business operations with owners</b>									
Distributed dividends						-2.1	-2.1	-0.5	-2.6
Acquisition of treasury shares			-0.3				-0.3		-0.3
Redemption obligation						0.1	0.1		0.1
Total	0.0	0.0	-0.3	0.0	0.0	-1.9	-2.3	-0.5	-2.8
Differences caused by the conversion of the financial statements				0.9	0.0	-0.3	-0.6		0.6
<b>Equity on 31 Dec. 2012</b>	0.3	13.3	-0.4	3.7	1.5	28.4	46.7	1.4	48.1



<b>Turnover by business segment</b>	10-12/12	10-12/11	1-12/12	1-12/11
EUR million				
IT Services	29.5	32.9	111.8	109.9
Information Logistics Services	10.0	8.7	35.4	35.2
Eliminations and others	-0.4	-0.5	-1.9	-1.9
Group total	39.1	41.1	145.2	143.2

<b>Operating profit by business segment</b>	10-12/12	10-12/11	1-12/12	1-12/11
EUR million				
IT Services	-0.9	1.6	3.2	2.3
Information Logistics Services	1.3	1.4	4.7	5.0
Group items and others	0.0	0.0	0.0	0.0
Group total	0.4	3.1	7.9	7.3

<b>Changes in tangible fixed assets</b>	1-12/12	1-12/11
EUR million		
Carrying amount at the beginning of the period	5.2	4.1
Increases	2.9	3.5
Decreases	-1.0	-0.2
Depreciation and amortisation	-2.3	-2.1
Exchange rate differences	0.0	0.0
Carrying amount at the end of the period	4.9	5.2

<b>Commitments and contingencies</b>	30.12.12	30.12.11
EUR million		
Liabilities with business mortgage or pledge as security		
Loans from financial institutions	30.1	22.4
Pension loans		9.7
Business mortgage	11.4	11.4
Subsidiary shares	16.4	14.8
<i>Other liabilities</i>		
Leasing liabilities	6.1	4.5
Other rental liabilities	8.3	11.5
Other contingent liabilities	0.1	0.1
Total other liabilities	14.5	16.0

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Enfo is a Nordic IT service company which offers IT outsourcing, business process outsourcing and IT consulting services for our customers in Finland, Sweden, Norway and Denmark so that our customers can focus on their key operations. Our strength is our nearly 50 years of experience in developing functional IT solutions and concepts, and the strong expertise of our nearly 800 top IT professionals. We produce simple, flexible and intelligent business processes. 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).



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

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