



Enfo Oyj's financial statements for 1 January – 31 December 2014

January–December 2014

- The turnover was EUR 145.3 million (150.9), representing a decrease of 3.7 %. The decrease in turnover was caused by the adaptation measures carried out in infrastructure consulting in Sweden and the end of automatic meter management (AMM) projects in Financial Process Services.
- The operating profit was EUR 9.7 million (11.2), representing a decrease of 13.7 %. The operating profit for January–December includes non-recurring costs from a loss-making customer project in Consultancy Services in Sweden and operational reorganisation costs in IT Outsourcing Services in Finland, totalling EUR 2.5 million.
- The profit before taxes was EUR 8.1 million (10.0).
- Earnings per share were EUR 8.50 (10.69).
- The twelve-month return on investment was 11.3 % (14.3%).
- Cash flow from operating activities totalled EUR 11.5 million (10.9).
- The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 5.90 (5.40) per share be paid for the 2014 financial period.
- The average number of employees in January–December was 775 (784). At the end of December, Enfo Group employed a total of 802 people (767).

October–December 2014

- The turnover was EUR 40.1 million (38.9), representing an increase of 3.1 %. The increase is explained by the acquisition of Framsteg Ab in August 2014 and organic growth in outsourcing services for financial processes.
- The operating profit (EBIT) was EUR 2.1 million (2.7), representing a decrease of 20.4 %. The decrease is due to weaker profitability in IT outsourcing services, with the transition costs of significant new customer relationships being recognised in the final quarter.
- The profit before taxes was EUR 1.5 million (2.2).
- Earnings per share were EUR 1.77 (1.97).



Outlook for 2015

Enfo Group expects its operating profit for the first quarter to be slightly smaller than in the previous year. However, the company expects its turnover to be slightly higher than in the corresponding period of the previous year.

Enfo Group expects its full-year turnover and operating profit for 2015 to be at a higher level than in 2014.

Arto Herranen, CEO:

The year 2014 was steadier than the previous year, but we made convincing progress in many sectors: we were successful in customer relationships, developed our operations and range of services and strengthened many of our areas of expertise. Our area of operation covers Finland and Sweden. While these two markets are relatively similar, there are differences. In Sweden, the demand for services remained high because of a better economic cycle. In Finland, the cycle slowed development. Price competition is increasing in both markets. I believe that the current level will continue in Finland, and the higher demand of previous years cannot be restored.

Support functions are outsourced more often in Finland, while more consulting services are purchased in Sweden, which is why Enfo is focusing on consulting there. In August, we bought Framsteg Ab in a major acquisition in Sweden. As a result of the transaction, 50 professionals were transferred to Enfo, along with strong business intelligence and service and asset management expertise. We have ambitious goals for growth in these areas of expertise.

Despite tough competition, we strengthened our position slightly. We won many new customers, but extended agreements with existing customers were equally important. Traditionally, our customer relationships are long-time partnerships.

The economic cycle is not likely to change significantly. For this reason, it is increasingly important for all operators in business and industry to ensure their competitiveness by making their operations more efficient. Our task is to provide services that enable companies to focus on developing their core business operations. I believe there is a growing need for our services.

Turnover

In October–December, Enfo Group's turnover increased by 3.1% to EUR 40.1 million (38.9). Its full-year turnover for 2014 decreased by 3.7% to EUR 145.3 million (150.9). The decrease in turnover was caused by the adaptation measures carried out in infrastructure consulting in Sweden and the end of automatic meter management (AMM) projects in Financial Process Services.

Development of turnover by reporting segment

EUR million	10–12/2014	10–12/2013	1–12/2014	1–12/2013
IT Services	30.2	29.5	109.3	113.0



Financial Process Services	10.0	9.7	37.6	38.9
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The turnover for IT Services increased by 2.4% in October–December and was EUR 30.2 million (29.5). Its turnover for January–December decreased by 3.3% to EUR 109.3 million (113.0). The decrease is due to adaptation measures carried out in infrastructure consulting in Sweden. Completed in August 2014, the acquisition of Framsteg Ab had a positive effect on the turnover in the fourth quarter, along with the improvement in Consulting Services' market position as a result of the transaction.

The turnover for Financial Process Services increased by 2.4% in October–December and was EUR 10.0 million (9.7). Its turnover for January–December decreased by 3.2% to EUR 37.6 million (38.9). Outsourcing services for financial management had a positive effect on the turnover in the fourth quarter. The decrease in the full-year turnover was due to the end of automatic meter management (AMM) projects.

Profitability

Enfo Group's operating profit decreased by 20.4% in October–December and was EUR 2.1 million (2.7), or 5.3% of the turnover (6.9%). Enfo Group's operating profit for January–December was EUR 9.7 million (11.2), or 6.7% of the turnover (7.5%). The operating profit for January–December includes non-recurring costs from a loss-making customer project in Consultancy Services in Sweden and operational reorganisation costs in IT Outsourcing Services in Finland, totalling EUR 2.5 million.

Development of operating profit by reporting segment

EUR million	10–12/2014	10–12/2013	1–12/2014	1–12/2013
IT Services	1.4	1.9	5.6	7.0
Financial Process Services	0.7	0.8	4.1	4.3

Financial Process Services and Consulting Services performed well in the fourth quarter, but IT Outsourcing Services recorded a weaker performance. In Sweden, IT Outsourcing Services were at a weaker level because transitions related to new customer relationships were recognised in the fourth quarter. Marketing and development investments in IT Outsourcing Services in Finland were higher than in the previous year. In addition, lower-margin services constituted a higher share of the turnover.

The Group's profit before taxes for October–December was EUR 1.5 million (2.2), or 3.7% of the turnover (5.7%). In January–December, the profit before taxes was EUR 8.1 million (10.0), or 5.5% of the turnover (6.6%). The Group's net financial expenses were EUR 0.7 million (0.5) in October–December and EUR 1.6 million (1.3) in January–December. Its result for October–December was EUR 1.2 million (1.4), or 2.9% of the turnover (3.4%). Its result for January–December was EUR 6.4 million (7.6), or 4.4% of the turnover (5.0%). Earnings per share in



October–December were EUR 1.77 (1.97). Earnings per share in January–December were EUR 8.50 (10.69).

Financing and investments

Enfo's net investments were EUR 1.2 million (1.2) in October–December and EUR 8.9 million (5.1) in January–December. Investments in January–December were mainly attributable to the acquisition of Framsteg Ab and data centre hardware. The hardware was acquired with financial leasing agreements.

At the end of the financial period, the company's equity ratio was 42.9 % (46.6 %). Its interest-bearing net liabilities stood at EUR 28.7 million (28.4) and net gearing was 55.1 % (54.8 %) at the end of December.

Business development

IT services and outsourcing

Enfo offers a broad range of IT services that cover the most important areas of information technology. The services are productised to enable customers to choose the package that best suits them: they can outsource certain tasks or their entire IT management and its development to Enfo. Outsourcing allows customers to focus on their core business operations and improve their cost efficiency. The agreements are long-term, spanning 3–5 years, and nearly all customers extend their agreements.

Enfo estimates that it is the market leader as an outsourcing partner in the mid-sized customer segment in Finland. Competition clearly increased in the Finnish market during 2014. In 2011, Enfo began to offer services in the Swedish market, where they attracted high interest. For many years in Finland, the general trend has been to enhance the efficiency of business operations by outsourcing IT services. In Sweden, however, outsourcing is less common.

Despite challenging markets, Enfo increased its business operations in both countries in 2014. Its most significant new customers include FOREX Bank, Lassila & Tikanoja, the Parliament of Finland, Destia, Mölnlycke Health Care, Kirkkohallitus, Mainiovire, Kemijoki and Relacom.

Continuous service development in line with customers' needs is at the core of Enfo's operations. In 2014, it focused on mobile solutions, cloud services and user experience improvement in its development of IT services.

Financial Process Services

Enfo offers comprehensive services for customers to outsource and improve the efficiency of their financial and data transmission processes in Finland. Its offering consists of services related to sales invoicing, accounts payable, accounting and financial reporting. The goal is to enable the customers' financial managers to assume a more strategic role in business development and in increasing the value of the company with the help of services that make use of intelligent information processing.



The year 2014 was successful for Financial Process Services in many respects. In mid-sized and large companies, the outsourcing of financial processes is a relatively new, but clearly increasingly popular operating method. The rapid digitisation of the business environment is forcing companies to focus on developing their core business operations. In this context, they consider what is the most sensible way to manage financial processes in the future. Electronic invoicing increased: around 50% of companies are using e-invoices.

The most significant customer relationship agreement was related to outsourcing Pohjolan Voima's financial management as a whole. The growth of outsourcing services is expected to continue. Noteworthy developments also include the success of the ZmartScan solution for analysing financial processes. It was well received in the market, and dozens of analyses were carried out.

The competition between invoice operators seems to remain tough. Enfo continued to actively develop new services that make use of digitisation as well as financial processes that have already been productised.

Consulting Services

Enfo's Consulting Services offer specialised solutions for customers in the Swedish market, including application integrations and solutions for information security, self-service, the Industrial Internet and analytics. In addition, it offers mobile, business intelligence and service and asset management solutions. Its solutions enable customers to focus on their core business operations.

Completed in August 2014, the acquisition of Framsteg Ab strengthened the market position of Consultation Services. Framsteg is a company specialising in business intelligence and service and asset management solutions. Through the transaction, 50 new information management experts and consultants were transferred to Enfo.

The market for consultation services remained stable in 2014, but price competition increased markedly. The turnover for Consultation Services decreased slightly, and profitability fell short of targets, but the year as a whole was relatively successful. Clear progress was made in the development of services and the expansion of the range of services. Along with intensifying competition, increasing digitisation in companies – and in society in general – creates a growing need for analytics. Given these circumstances, the year 2015 appears in a positive light, and the company will invest strongly in developing Consultation Services.

A significant number of the new customer relationship agreements were signed. The most significant new customers include Bisnode, Mercedes-Benz, Saab, Ambea and Cybercom.

Personnel

In January–December, Enfo Group employed an average of 775 people (784). At the end of December, the Group had a total of 802 employees (767).

Enfo's IT Outsourcing Services employed an average of 647 people (677) in January–December, and Financial Process Services employed an average of 104 people (84). Of Enfo's employees, an average of 367 (349) people were based in Finland and 408 (435) in Sweden in the review period.

Board of Directors and management



The Chairman of the Board of Directors of Enfo Oyj 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; **Lauri Kerman**, CEO of Osuuskunta KPY; **Mammu Kaario**, Investment Director at Korona Invest Oy; **Timo Kärkkäinen**, Senior Portfolio Manager at Ilmarinen Mutual Pension Insurance Company; and **Soili Mäkinen**, CIO at Cargotec Corporation.

In 2014, Enfo Group's Management Team consisted of CEO **Arto Herranen**, CFO **Tero Kosunen** (Finance, Communications and IT), Senior Vice President **Maria Lundell** (HR), Managing Director **Tero Saksman** (Outsourcing Services), Executive Vice President **Osmo Wilska** (Outsourcing Services), Executive Vice President **Lars Aabol** (Consulting Services) and Marketing Director **Adam Ritzén**. In addition to the management, the members of the Management Team included **Nina Annila** (Outsourcing Services), **Fredrik Bergman** (Consulting Services), **Eric Brügge** (Consulting Services), **Åsa Landén Ericsson** (Consulting Services) and **Matti Seppänen** (Outsourcing Services).

Shares

On 31 December 2014, Enfo Oyj had a total of 590,833 shares. At the end of the financial period, Enfo had a total of 112 shareholders. The company has one series of shares. Enfo held 1,011 treasury shares at the end of December 2014.

At the end of December 2014, its ten largest shareholders were Osuuskunta KPY, Ilmarinen Mutual Pension Insurance Company, Enfo Oyj's Personnel Fund HR, Einari Vidgrén Oy, Keskiuomalainen Oyj, Pohjois-Savo Cooperative Bank, Hannu Isotalo Oy, Kallax Oy, Arto Herranen and the Saastamoinen Foundation. Osuuskunta KPY's share of ownership is 86.3%.

Events after the financial period

In February 2015, Enfo was granted ISO 27001 certification. This covers Enfo Group's information security management system as well as data centre services included in IT services and outsourcing in Kuopio and Karlskrona. The purpose of the information security management system is to ensure the confidentiality and integrity of data resources and their availability to those who need them as well as protect the organisation's data resources from loss or abuse.

In February, Enfo appointed **Christian Homén**, M.Sc. (Finance), as Chief Financial Officer and a member of the Management Team. His predecessor, **Tero Kosunen**, was appointed as Senior Vice President, Business Development at Enfo. This is a new position that supports the Group's growth and facilitates the implementation of challenging Group-level projects. In early 2014, Executive Vice President **Osmo Wilska**, who was responsible for IT outsourcing services, was appointed as Executive Vice President responsible for the outsourcing of financial processes. **Matti Seppänen**, Vice President, Sales, transferred from IT outsourcing services in Finland to the Stockholm office, where he is now responsible for the IT services and outsourcing business in Sweden.

Enfo signed an outsourcing agreement with Strålfors Oy on 18 February 2015. Under the agreement, Enfo's print service functions and staff were transferred to this business. Reason behind the agreement is Enfo's desire to ensure that the competitiveness of the invoicing solutions are maintained in the future. In the future, Enfo's Financial Process Services focuses on financial management outsourcing services and electronic invoicing solutions.



Forecast for likely future development

Enfo Group expects its operating profit for the first quarter of 2015 to be slightly smaller than in the previous year. However, the company expects its turnover to be slightly higher than in the corresponding period of the previous year.

Enfo Group expects its full-year turnover and operating profit for 2015 to be at a higher level than in 2014.

Risks and uncertainties

Short-term risks and uncertainties are associated with maintaining competitive prices in all of the Group's business areas. Over the long term, new delivery methods, such as global cloud services, may significantly change the business environment for IT outsourcing services.

Distribution of profit

On 31 December 2014, the parent company's distributable funds totalled EUR 32,613,087.61. The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 5.90 per share be paid for the 2014 financial period. The dividend will be paid to shareholders who are recorded in the company's list of shareholders maintained by Euroclear Finland Oy on the record date for the dividend payment, 27 March 2015. The dividend will be paid on 29 May 2014.

Timetable for financial reporting in 2015

The 2014 financial statements and annual report will be published on the Enfo Oyj website on 4 March 2015 at 12 noon. Enfo Oyj's Annual General Meeting will be held on 25 March 2015.

The Q1 interim report will be published on 30 April 2015, the Q2 interim report on 20 August 2015 and the Q3 interim report on 28 October 2015.



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 2014 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	10–12/14	10–12/13	1–12/14	1–12/13
Turnover	40.1	38.9	145.3	150.9
Other operating income	-0.1	0.0	0.1	0.0
Materials and services	-14.8	-13.9	-48.5	-52.7
Employee benefit expenses	-17.0	-16.0	-62.6	-65.0
Depreciation and amortisation	-1.3	-1.0	-4.6	-4.1
Other operating expenses	-4.7	-5.3	-19.9	-18.0
Operating profit	2.1	2.7	9.7	11.2
Financial income	0.1	0.1	0.4	0.7
Financial expenses	-0.7	-0.6	-2.0	-2.0
Profit before taxes	1.5	2.2	8.1	10.0
Income tax	-0.3	-0.9	-1.6	-2.4
Profit for the period	1.2	1.4	6.4	7.6
Attributable to				
Equity holders of the parent company	1.0	1.2	5.0	6.2
Non-controlling interests	0.1	0.2	1.4	1.3
Earnings per share, EUR	1.77	1.97	8.50	10.69

Statement of comprehensive income		
EUR million	1–12/14	1–12/13
Profit for the period	6.4	7.6
Exchange rate differences caused by net investments in foreign subsidiaries	-1.0	-0.6
Other translation differences	-0.6	-0.4
Cash flow hedging	0.0	0.2
Taxes associated with other comprehensive income items	-0.0	-0.1
Other comprehensive income for the period	4.7	6.8
Attributable to		
Equity holders of the parent company	3.3	5.5
Non-controlling interests	1.4	1.3



Consolidated statement of financial position		
EUR million	31/12/2014	31/12/2013
Assets		
Non-current assets		
Tangible assets	5.2	5.3
Goodwill	62.3	63.6
Other intangible assets	7.1	4.1
Available-for-sale investments	0.1	0.1
Receivables	0.2	0.1
Deferred tax assets	1.2	0.6
Total non-current assets	76.0	73.8

Current assets		
Inventories	0.3	0.3
Trade receivables	25.8	28.1
Other receivables	3.0	2.6
Tax assets based on the period's taxable income	3.4	2.7
Available-for-sale investments	0.0	0.0
Cash and cash equivalents	13.3	4.2
Total current assets	45.9	37.9
Total assets	121.9	111.7
Equity and liabilities		
Equity		
Share capital	0.3	0.3
Share premium account	13.3	13.3
Other reserves	1.8	1.8
Retained earnings	35.3	35.1
Equity attributable to equity holders of the parent company, total	50.6	50.5
Non-controlling interests	1.4	1.3
Total equity	52.0	51.7
Non-current liabilities		
Interest-bearing liabilities	26.8	18.8
Other liabilities	0.3	0.5
Deferred tax liabilities	0.7	0.4
Non-current liabilities, total	27.8	19.7
Current liabilities		
Interest-bearing liabilities	15.2	13.8
Trade payables	9.4	7.9
Other liabilities	17.4	18.5
Current liabilities, total	42.0	40.3
Total liabilities	69.9	60.0
Total equity and liabilities	121.9	111.7



Condensed statement of cash flows	1–12/14	1–12/13
EUR million		
Cash flow from operating activities		
Profit for the period	6.4	7.6
Adjustments to the profit for the period	7.8	7.4
Change in working capital	2.8	2.0
Interest paid and received	-1.0	-1.1
Taxes paid	-4.5	-5.0
Cash flow from operating activities	11.5	10.9

Cash flow from investment activities		
Acquisition of subsidiaries less cash and cash equivalents on the acquisition date	-3.0	0.0
Investments in tangible and intangible assets	-1.0	-1.4
Cash flow from investment activities	-4.0	-1.4
Cash flow from financing		
Changes in loans	9.1	-2.5
Changes in equity	-4.5	-3.9
Repayment of financial leasing liabilities	-3.1	-2.4
Cash flow from financing	1.5	-8.8
Changes in cash and cash equivalents	9.0	0.7
Impact of exchange rate changes on cash and cash equivalents	0.1	0.0
Cash and cash equivalents at the beginning of the period	4.2	3.5
Cash and cash equivalents at the end of the period	13.3	4.2

Key figures	1–12/14	1–12/13
Turnover (EUR million)	145.3	150.9
Operating profit (EUR million)	9.7	11.2
% of turnover	6.7	7.5
Profit before taxes (EUR million)	8.1	10.0
% of turnover	5.5	6.6
Profit for the period (EUR million)	6.4	7.6
% of turnover	4.4	5.0
Earnings per share, EUR	8.5	10.69
Return on investment, %	11.3	14.3
Return on equity, %	12.4	15.2
Equity ratio, %	42.9	46.6
Net gearing, %	55.1	54.8
Interest-bearing net liabilities (EUR million)	28.7	28.4
Equity/share, EUR	85.8	86.5
Average number of employees	775	784
Number of shares	590,833	590,833



	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Attributable to non-controlling interests	Total equity
Consolidated statement of changes in equity									
Equity on 1 Jan 2013	0.3	13.3	-0.4	3.7	1.5	28.4	46.7	1.4	48.1
Profit/loss for the period						6.2	6.2	1.3	7.6
Comprehensive income									
Other comprehensive income items									
Exchange rate differences caused by net investments in foreign subsidiaries				-0.6			-0.6		-0.6
Other translation differences				-0.3			-0.3	-0.1	-0.4
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				-0.9	0.2		-0.7	-0.1	-0.8
Business operations with owners									
Distributed dividends						-3.0	-3.0	-1.4	-4.3
Acquisition of treasury shares			-0.1				-0.1		-0.1
Share issue					0.1		0.1		0.1
Sale of treasury shares			0.4				0.4		0.4
Redemption obligation						0.7	0.7		0.7
Total			0.3		0.1	-2.3	-1.8	-1.4	-3.2
Equity on 31 Dec 2014	0.3	13.3	-0.1	2.8	1.8	32.3	50.5	1.3	51.7

	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Attributable to non-controlling interests	Total equity
Consolidated statement of changes in equity									
Equity on 1 Jan. 2014	0.3	13.3	-0.1	2.8	1.8	32.3	50.5	1.3	51.7
Profit/loss for the period						5.0	5.0	1.4	6.4
Comprehensive income									
Other comprehensive income items									
Exchange rate differences caused by net investments in foreign subsidiaries				-1.0			-1.0		-1.0
Net investment hedging				-0.1			-0.1		-0.1
Other translation differences				-0.5			-0.5	-0.1	-0.6
Other comprehensive income items for the period after taxes				-1.6			-1.6	-0.1	-1.7
Business operations with owners									
Distributed dividends						-3.2	-3.2	-1.2	-4.4
Total						-3.2	-3.2	-1.2	-4.4
Equity on 31 Dec 2014	0.3	13.3	-0.1	1.2	1.8	34.2	50.6	1.4	52.0



Turnover by business segment	10– 12/14	10– 12/13	1–12/14	1–12/13
EUR million				
IT Services	30.2	29.5	109.3	113.0
Financial Process Services	10.0	9.7	37.6	38.9
Eliminations and others	-0.1	-0.3	-1.5	-1.0
Group total	40.1	38.9	145.3	150.9

Operating profit by business segment	10– 12/14	10– 12/13	1–12/14	1–12/13
EUR million				
IT Services	1.4	1.9	5.6	7.0
Financial Process Services	0.7	0.8	4.1	4.3
Group items and others	0.0	0.0	0.0	0.0
Group total	2.1	2.7	9.7	11.2

Changes in tangible fixed assets	1–12/14	1–12/13
EUR million		
Carrying amount at the beginning of the period	5.3	4.9
Increases	3.2	3.5
Decreases	-0.8	-0.5
Depreciation and amortisation	-2.6	-2.5
Exchange rate differences	0.0	-0.1
Carrying amount at the end of the period	5.2	5.3

Commitments and contingencies	31/12/14	31/12/13
EUR million		
Liabilities with business mortgage or pledge as security		
Loans from financial institutions	25.4	27.0
Business mortgage	11.4	11.4
Subsidiary shares	16.4	16.4
<i>Derivative contracts</i>		
Interest swaps		
Fair value	-0.2	-0.3
Rated value SEK (SEK 65,371,600)	4.2	7.4
Rated value EUR	6.8	7.7
<i>Other liabilities</i>		
Leasing liabilities	7.0	7.2
Other rental liabilities	6.7	10.2
Other contingent liabilities	0.1	0.1
Bank guarantees	0.3	0.3
Total other liabilities	14.1	17.8



For more information, please contact: CEO Arto Herranen, tel. +358 44 7193 000, and CFO Christian Homén, tel. +358 40 750 6902 (email format: firstname.lastname@enfo.fi).

Enfo is a Nordic IT service company that 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 core business operations. With 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 EUR 145 million (2014). More information about Enfo: www.enfo.fi and www.enfo.se.

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