

Enfo Oyj's interim report 1 January – 31 March 2009

Key points of the interim report

- Turnover increased by 5.6% and stood at EUR 36.0 million (34.1)
- Operating profit (EBIT) amounted to EUR 1.2 million (2.4)
- Profit before taxes amounted to EUR 0.4 million (2.0).
- Earnings per share were EUR 0.56 (2.51).
- Twelve-month return on investment was 6.9% (16.8).
- In January–March, the Group employed an average of 680 people (604). At the end of March, the Group employed a total of 679 people (677).

Market

General financial uncertainty continued to increase during the first quarter of 2009. As a result, the customers' IT investments will decrease significantly in the future. IT demand will be directed at services that serve to achieve cost savings in the short term. According to the company's estimate, the Finnish and Swedish IT market will be reduced by about 2% in 2009. In particular, the demand for hardware sales and IT consultation services will decrease significantly.

Group structure

Enfo Oyj is the parent company of Enfo Group. Enfo's business operations are divided into two separately reported lines of business – IT Services and Information Logistics Services. In the new management and reporting model, IT System and Application Services and IT Infrastructure Services, which were previously reported separately, are now combined into the single IT Services and Solutions segment. Enfo's Swedish business operations are reported as part of the IT Services and Solutions unit.

Business development

Demand for Enfo's IT Services and Solutions on the Finnish IT outsourcing market has remained at a good level during the reporting period. New customer agreements were signed with PaloDEX Group Oy, Citycon Oy and Carrus Delta Oy. Medium-sized companies are becoming more interested in outsourcing their IT services and companies are willing to seek efficient and cost-effective IT solutions. Price competition has become stronger and IT agreements are more easily entered in a bidding competition because of cost-saving objectives. Hardware trading is in an obvious slump as the demand for hardware and licences has clearly dropped at the beginning of the year. In addition, competition on the market has become tighter with regard to consulting and projects.

Information Logistics Services developed well despite the general financial situation. In particular, electronic invoicing has grown significantly. Companies have shown interest in the benefits and improved efficiency produced by electronic invoicing. For paper printing, the beginning of the year has also been positive and printing volumes have remained at a stable level. In Information Logistics Services, customer agreements have been signed with Stora Enso Packaging Oy, Pouttu Oy and Porvoon Energia Oy.

Enfo Sweden AB's business operations grew more slowly at the beginning of the year compared with the previous year due to weaker demand in the Swedish IT market. Companies are still delaying their IT projects

and waiting for the global economy to recover. This has a clear impact on Enfo Sweden AB's business growth. Swedish business units have strengthened their position in the public sector, and new agreements have been signed especially with towns and municipal organisations. In addition, Volvo IT and energy company E.ON have launched new IT projects with Enfo Sweden.

Turnover

Enfo Group's turnover increased by 5.6 % in January–March and stood at EUR 36.0 million (34.1). The merger of Enfo Sweden AB into the Group as of 8 February 2008 increased the turnover of the Group. The growth in turnover was created by the good total development of the IT Services and Solutions and Information Logistics Situations in Finland in the middle of the deteriorated financial situation. The development of turnover was decelerated by poorer hardware trading and general decline on the Finnish market.

Development of turnover by reporting segment

EUR million	1–3/2009	1–3/2008	1–12/2008
IT Services and Solutions	28.5	26.6	115.3
Information Logistics Services	7.6	7.6	31.0

Turnover of the IT Services and Solutions unit increased by 7.1% in January–March, amounting to EUR 28.5 million (26.6). The growth in turnover was affected by new customer agreements made in Finland and the reporting of Swedish functions as part of the IT Services and Solutions.

Turnover of the Information Logistics Services unit increased by 0.8% in January–March, amounting to EUR 7.6 million (7.6). The development of turnover was affected by good demand for electronic services in the market and success in signing new agreements.

Profitability

Enfo Group's profitability decreased in January–March compared with the same period in 2008. The Group's operating profit was EUR 1.2 million, comprising 3.3% of turnover (2.4 and 6.9%). The Group's result reflects, in particular, the poorer demand caused by the downward trend in global economy and delayed IT projects in Swedish operations. Savings in travel expenses as a result of measures aimed at improved efficiency within the Enfo Group had a positive impact on profitability. Depreciation on intangible rights of EUR 0.6 million related to the acquisition of Enfo Sweden AB had a negative impact on the Group's operating profit (IFRS 3).

The Group's profit before taxes in January–March stood at EUR 0.4 million (2.0), comprising 1.2% of turnover (5.9%). The Group's net financing costs in January–March stood at EUR 0.8 million (0.3). The result in January–March was EUR 0.3 million (1.4), comprising 0.9 % of turnover (4.1%). Earnings per share in January–March were EUR 0.56 (2.51).

Development of operating profit by reporting segment

EUR million	1–3/2009	1–3/2008	1–12/2008
IT Services and Solutions	0.2	1.4	5.3
Information Logistics Services	1.0	1.0	3.2

Operating profit in IT Services and Solutions decreased from last year. The unfavourable development of profitability was clearly affected by decelerated demand in Sweden and the caution of major customers in starting their IT projects. In Finland, the demand on the IT outsourcing market has remained unchanged. The profitability of the Information Logistics Services developed as planned.

Financing and investments

Enfo's net financing investments in January–March stood at EUR 0.6 million (44.5). The company's equity ratio at the end of March was 30.3% (30.2). Interest-bearing net liabilities at the end of March amounted to EUR 30.7 million (38.0) and net gearing was 105.2% (124.5).

In February 2009, the Group repaid a bank loan of EUR 48 million which was taken out to finance the corporate acquisition in Sweden. The new loan arrangement of EUR 40.3 million consists of bank and insurance company loans and a TyEL repayment loan. The loans are denominated in euro. Of the loans, EUR 3.8 million will fall due in 2009 and the remaining EUR 36.5 million in 2010–2015.

Personnel

In January–March, Enfo Group employed an average of 680 people (604). At the end of March, the Group employed a total of 679 people (677).

Enfo's IT Services and Solutions unit employed an average of 585 people in January–March (494), and the Information Logistics Services unit employed an average of 81 people (96). Of Enfo's personnel, 418 (432) were employed in Finland and 261 (172) in Sweden.

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, Helena Piispa, Ossi Saksman, Chairman of the Board of Directors of Osuuskunta KPY, and Jorma Tammenaho, Portfolio Manager of Ilmarinen Mutual Pension Insurance Company.

The Management Team of Enfo Group includes Managing Director Arto Herranen, Finance Director Kati Kokkonen, HR Director Maria Lundell, Development Director Pertti Silén, Director of Finnish Operations Osmo Wilska and the Director of Swedish Operations Johan de Verdier.

Shares

On 31 March 2009, the total number of Enfo Oyj shares was 561,256 shares. At the end of March, Enfo had a total of 97 shareholders. The company has one series of shares. The company owned 240 of its treasury shares at the end of March 2009.

At the end of March, the company's ten largest shareholders were Osuuskunta KPY, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Einari Vidgren Oy,

Keskisuomalainen Oyj, Enfo Oyj's Personnel Fund HR, Kuopion Osuuspankki, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 86%.

Forecast of likely future development

The customers' IT investments are estimated to decrease clearly at the end of the year. The company's key short-term objective is to secure sufficient cash flow despite the decreasing demand. The Group's profitability is estimated to decrease compared with 2008.

Risks and uncertainties

The development of the market is strongly linked to the general economic situation and to the ability of companies to invest in their data administration. Short-term uncertainties and risks are related to the deterioration of the general economic situation. Any cost-saving programmes of the Group's internationally-operating key customers may have an impact on the company's market position, particularly in Sweden. In addition, Enfo Group is exposed to currency and interest rate risks through its growth and internationalisation.

Timetable for financial reporting in 2009

The January–June 2009 interim report will be released on 30 July 2009 and the January–September 2009 interim report on 29 October 2009.

Tables

This interim report has been prepared in accordance with the recognition and measurement principles of the International Financial Reporting Standards (IFRS) and the accounting principles published in the Financial Statements. The figures in the tables have been rounded off to the nearest million euros and may not sum to totals. The figures presented in the tables are unaudited.

Consolidated income statement			
EUR millions	1–3/09	1–3/08	1–12/08
Turnover	36.0	34.1	143.4
Other operating income	0.0	0.0	1.7
Production for own use	0.0	0.0	0.0
Materials and services	-18.6	-17.1	-71.3
Employee benefit expenses	-11.9	-10.5	-45.7
Depreciation, amortisation and impairment	-1.3	-0.5	-4.9
Other operating expenses	-3.0	-3.7	-15.8
Operating profit	1.2	2.4	7.5
Financial income	0.1	0.1	0.8
Finance costs	-0.8	-0.5	-2.8
Profit before taxes	0.4	2.0	5.5
Income tax	-0.1	-0.6	-1.5
Profit for the period	0.3	1.4	4.0
Attributable to			
Equity-holders of the parent company	0.3	1.4	4.0
Minority interests	0.0	0.0	0.0
Earnings per share, basic and diluted, EUR	0.56	2.51	7.05

Statement of comprehensive income			
EUR millions	1–3/09	1–3/08	1–12/08
Profit for the period	0.3	1.4	4.0
Change in the fair value of available-for-sale investments			
Translation difference	-0.3	0.0	-5.5
Other comprehensive income for the period	0.0	1.4	-1.5
Attributable to			
Equity-holders of the parent company	0.0	1.4	-1.5
Minority interests	0.0	0.0	0.0

Consolidated statement of financial position			
EUR millions	31 Mar. 09	31 Mar. 08	31 Dec. 08
Assets			
Non-current assets			
Tangible assets	4.1	3.7	4.2
Goodwill	49.4	52.9	49.7
Other intangible assets	7.6	11.0	8.3
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	1.0	0.5	0.9
Non-current assets, total	62.3	68.3	63.3

Current assets			
Inventories	0.5	0.5	1.2
Trade receivables	21.7	20.9	22.9
Other receivables	3.5	10.7	3.8
Available-for-sale investments	0.2	0.3	0.2
Cash and cash equivalents	9.7	10.1	17.4
Total current assets	35.7	42.5	45.5
Total assets	98.0	110.7	108.8
Equity and liabilities			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Retained earnings	15.6	19.0	16.1
Equity attributable to equity-holders of the parent company, total	29.2	32.6	29.7
Minority interest	0.0	0.0	0.0
Total equity	29.2	32.6	29.7
Non-current liabilities			
Loans to financial institutions	36.7	0.2	0.2
Other payables	5.3	4.3	5.4
Non-current liabilities, total	42.0	4.5	5.6
Current liabilities			
Loans to financial institutions	4.0	48.2	48.4
Trade payables	8.3	7.6	9.2
Other payables	14.5	19.9	16.0
Current liabilities, total	26.8	73.7	73.6
Total liabilities	68.8	78.1	79.2
Total equity and liabilities	98.0	110.7	108.8

Abridged cash flow statement	1–3/09	1–3/08	1–12/08
EUR millions			
Cash flow from operations			
Profit for the period	0.3	1.4	4.0
Adjustments to the profit for the period	2.1	1.5	8.4
Change in working capital	0.5	-7.0	-0.2
Interest paid and received	-0.6	-0.3	-1.4
Taxes paid	-1.5	-0.6	-1.7
Cash flow from operations	0.8	-5.0	9.0

Cash flow from investment activities			
Investments in tangible and intangible assets	-0.6	-0.4	-3.6
Subsidiary investments deducted by liquid assets	0.0	-44.1	-46.0
Cash flow from investment activities	-0.6	-44.5	-49.6
Cash flow from financing activities			
Changes in loans	-7.9	47.9	48.1
Changes in equity	0.0	0.0	-2.0
Cash flow from financing activities	-7.9	47.9	46.1
Changes in cash and cash equivalents	-7.6	-1.7	5.5
Cash and cash equivalents at the beginning of the period	17.4	11.8	11.8
Cash and cash equivalents at the end of the period	9.7	10.1	17.4

Key ratios	1–3/09	1–3/08	1–12/08
Turnover (EUR million)	36.0	34.1	143.4
Operating profit (EUR million)	1.2	2.4	7.5
% of turnover	3.3	6.9	5.2
Profit before taxes (EUR million)	0.4	2.0	5.5
% of turnover	1.2	5.9	3.8
Profit for the period (EUR million)	0.3	1.4	4.0
% of turnover	0.9	4.1	2.8
Earnings per share, EUR	0.56	2.51	7.05
Return on investment, 12 months, %	6.9	16.8	14.4
Return on equity, 12 months, %	4.3	17.1	12.6
Equity ratio, %	30.3	30.2	27.3
Net gearing, %	105.2	124.5	114.5
Interest-bearing net debt (EUR million)	30.7	38.0	31.0
Equity/share, EUR	52.0	58.1	52.8
Average number of employees	680	604	703
Number of shares	561,256	561,256	561,256

Consolidated statement of changes in equity	Share capital	Share premium account	Retained earnings	Total	Minority interest	Total equity
Equity on 1 Jan. 08	0.3	13.3	19.6	33.2	0.0	33.2
Items related to owners			-2.0	-2.0		-2.0
Comprehensive income			1.4	1.4	0.0	1.4
Equity on 31 Mar. 08	0.3	13.3	19.0	32.6	0.0	32.6
Equity on 1 Jan. 09	0.3	13.3	16.0	29.7	0.0	29.7
Items related to owners			-0.6	-0.6		-0.6
Comprehensive income			0.0	0.0		0.0
Equity on 31 Mar. 09	0.3	13.3	15.6	29.2	0.0	29.2

Turnover by business segments	1-3/09	1-3/08	1-12/08
EUR millions			
IT Services and Solutions	28.5	26.6	115.3
Information Logistics Services	7.6	7.6	31.0
Eliminations	-0.1	-0.1	-2.9
Group total	36.0	34.1	143.4

Operating profit by business segments	1-3/09	1-3/08	1-12/08
EUR millions			
IT Services and Solutions	0.2	1.4	5.3
Information Logistics Services	1.0	1.0	3.2
Other units and non-allocated costs	-0.1	0.0	-1.0
Group total	1.2	2.4	7.5

Changes in tangible fixed assets	1-3/09	1-3/08	1-12/08
EUR millions			
Book value at the beginning of the period	4.2	3.7	3.7
Increases	0.3	0.2	2.4
Increases from the corporate acquisition	0.0	0.1	0.1
Decreases	0.0	0.0	-0.1
Depreciation and amortisation	-0.4	-0.4	-1.7
Exchange rate differences	0.0	0.0	-0.1
Book value at the end of the period	4.1	3.7	4.2

Commitments and contingencies	31 Mar. 09	31 Mar. 08	31 Dec. 08
EUR millions			
Liabilities with business mortgage as security			
Loans from financial institutions	40.3	48.0	48.0
<i>Other liabilities</i>			
Leasing liabilities	1.8	1.1	1.8
Other rental liabilities	10.9	13.2	11.6
Other contingent liabilities	0.1	0.1	0.1
Total other liabilities	12.8	14.4	13.5

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Enfo provides companies and corporations with easy-to-use IT services in Finland and Sweden. In its services, Enfo utilises its more than 45 years of experience in the development of IT services and uses the best hardware and software available from its partners. Approximately 700 IT experts ensure that Enfo's customers get the best out of their IT. 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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