

Enfo Oyj's financial statements report 1 January – 31 December 2009

Key points of the financial statements report

- Turnover in October–December increased by 17.3% and stood at EUR 41.9 million (35.7). In January–December, turnover fell by 1.9% to EUR 140.8 million (143.4).
- Operating profit (EBIT) in October–December amounted to EUR 2.4 million (1.4). Operating profit in January–December stood at EUR 7.0 million (7.5).
- Profit before taxes in October–December amounted to EUR 2.1 million (0.7). Profit before taxes in January–December stood at EUR 5.0 million (5.5).
- Earnings per share in October–December were EUR 2.41 (0.84). In January–December, earnings per share were EUR 6.29 (7.05).
- The twelve-month return on investment was 9.3% (14.4).
- Business cash flow in January–December stood at EUR 6.8 million (9.0).
- In January–December, the Group employed an average of 685 people (703). At the end of 2009, the Group employed a total of 692 people (713).

Market

The economic situation turned into growth in most European countries during the latter half of last year. Growth is expected to continue at the beginning of the current year. However, the growth expectations of Finnish companies remain at a conservative level.

As the turn in the economic situation will take place slowly in Finland, the company estimates growth in the Finnish IT service market to be 0.5–1.0% in 2010, compared with the previous year. Market growth in Sweden is estimated to be slightly faster due to, in particular, an increase in the outsourcing market.

Group structure

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

The business operations of Enfo's IT Services and Solutions developed well during 2009, despite the challenges presented by the general economic situation. In the IT outsourcing market, price competition was hard throughout the year, with companies entering their IT agreements in open bidding competitions. Hardware sales were clearly down, weakening the demand for IT expert services.

In the Finnish IT service market, Enfo's IT Services and Solutions signed a number of significant and extensive service agreements. The IT Services and Solutions segment strengthened its position in providing IT services for the energy industry as Savon Voima Oyj, one of the largest sellers of energy services in Finland, outsourced all of its ICT services to Enfo. In the outsourcing process, four Savon Voima employees who were responsible for the company's ICT services were transferred to Enfo. The segment's customers

also increased their acquisition of IT services and customers of applications services, in particular, made strong investments in IT services.

New agreements were signed with Fingrid Oyj, Helsinki Region Transport and the international PaloDEX Group Oy. Windows 7 projects significantly increased employment in IT expert services. Enfo was among the first service providers in Finland to launch Windows 7 projects for its customers.

The business operations of Enfo's Information Logistics Services took strong steps forward, with electronic data transmission services developing well during 2009. Electronic services have been growing steadily, and demand has remained at a very good level. Companies showed interest in the benefits and improved efficiency produced by electronic invoicing. The Information Logistics Services segment signed new customer agreements with Tampereen Tietotekniikkakeskus, the telecommunications and media group Aina Group Oyj, Stora Enso Packaging Oy and Pouttu Oy. E-invoices attracted extensive interest last year, and a large number of new electronic service agreements were concluded, for example, in the energy sector.

Enfo Sweden AB's business operations were hampered by the poor situation in the Swedish IT market in 2009. Businesses arranged competitive tendering for their IT agreements to reduce their IT expenses. As a result, price competition was fierce in almost all IT service areas, particularly in IT consultation and related projects. During the last quarter, the demand for IT services clearly increased in Sweden. Swedish business units strengthened their position particularly in the public sector, and new agreements were signed with several towns and municipal organisations. In addition, Enfo acts as Volvo IT's partner in the large IT project in the City of Stockholm. Significant agreements were also signed with Tele2 AB, insurance company Folksam and Sweden's largest healthcare company Praktikertjänst AB.

Turnover

Enfo Group's turnover increased by 17.3% in October–December and stood at EUR 41.9 million (35.7). In January–December, turnover fell by 1.9% to EUR 140.8 million (143.4). The consolidated full-year turnover shows the slower general development in the market and reduced hardware sales. The increase in the consolidated turnover during the last quarter was mainly due to increased demand for IT services in Sweden.

Development of turnover by reporting segment

EUR million	10-12/2009	10-12/2008	1-12/2009	1-12/2008
IT Services and Solutions	34.6	27.9	112.8	115.0
Information Logistics Services	7.6	8.3	29.9	31.0

The turnover of the IT Services and Solutions segment increased by 24.3% in October–December, amounting to EUR 34.6 million (27.9). In January–December, turnover fell by 1.9% to EUR 112.8 million (115.0). The increase in the consolidated turnover during the last quarter was mainly due to increased demand for IT services in Sweden.

The turnover of Information Logistics Services fell in October–December by 8.1% to EUR 7.6 million (8.3), and full-year turnover decreased by 3.6% to EUR 29.9 million (31.0). The decline in turnover was affected by the transfer of the AMM measurement data collection service to the product selection of Enfo's IT Services and Solutions. The turnover of Information Logistics Services developed as planned, following the good increase in demand for electronic services.

Profitability

Enfo Group's profitability improved in October–December, with operating profit totalling EUR 2.4 million, comprising 5.7% of turnover (EUR 1.4 million and 4.0%). Consolidated operating profit in January–December stood at EUR 7.0 million (7.5). The Group's result was affected by the positive development in the profitability of Information Logistics Services and IT Services and Solutions, despite the general economic decline. During the last quarter, the profitability of Swedish operations developed positively. The development of profitability has also been affected favourably by improved efficiency in operations and internal cost savings through, for example, travel.

Consolidated profit before taxes in October–December amounted to EUR 2.1 million (0.8). Profit before taxes in January–December stood at EUR 5.0 million, comprising 3.6% of turnover (EUR 5.5 million and 3.8%). The Group's net financing costs stood at EUR 0.3 million (0.7) in October–December, and EUR 2.0 million (2.0) in January–December. The result in October–December was EUR 1.4 million or 3.2% of turnover (0.6 and 1.7%). The result in January–December was EUR 3.5 million (4.0), comprising 2.5% of turnover (2.8 %). Earnings per share in October–December were EUR 2.41 (0.84). In January–December, earnings per share were EUR 6.29 (7.05).

Development of operating profit by reporting segment

EUR million	10-12/2009	10-12/2008	1-12/2009	1-12/2008
IT Services and Solutions	1.2	0.9	2.9	5.3
Information Logistics Services	0.9	0.9	4.1	3.2

The operating profit of IT Services and Solutions over the last quarter was better than the previous year, which was largely affected by the positive development in the Swedish operations. The full-year result was clearly below the corresponding 2008 figures because of the poor general economic situation and slower demand.

The profitability of Information Logistics Services strengthened well during the financial period. The full-year result was significantly better than last year, and the general trend in profitability was very positive. The good profitability was affected by successful customer relationships and sale transactions. Companies were aiming to achieve cost savings through electronic services, strengthening the operations of Information Logistics Services.

Financing and investments

Enfo's net investments stood at EUR 0.4 million (1.6) in October–December, and EUR 1.4 million (55.6) in January–December. Full-year investments were allocated to production equipment and costs related to business development.

The company's equity ratio was 33.7% (27.3) at the end of the period. Interest-bearing net liabilities at the end of December amounted to EUR 29.1 million (34.0), and net gearing was 83.3% (114.5).

The Group reorganised its financing during the financial period. 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.

Personnel

In January–December, Enfo Group employed an average of 685 people (703). At the end of December, the Group employed a total of 692 people (713).

In January–December, Enfo's IT Services and Solutions unit employed an average of 588 people (588), and the Information Logistics Services unit employed an average of 83 people (92). Of Enfo's personnel, 415 (435) were employed in Finland and 270 (268) 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, Senior Portfolio Manager of Ilmarinen Mutual Pension Insurance Company.

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

Shares

On 31 December 2009, the total number of Enfo Oyj shares was 564,256 shares. An increase of 3,000 shares was registered in the total number of shares on 28 August 2009. At the end of the period, the company had a total of 95 shareholders. The company has one series of shares. The company owned 140 of its treasury shares at the end of December 2009.

At the end of the period, the company's ten largest shareholders were Osuuskunta KPY, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Enfo Oyj's Personnel Fund HR, Einari Vidgren Oy, Keski-suomalainen Oyj, Kuopio Cooperative Bank, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's share of ownership is 85.6%.

Events after the end of the financial period

In its meeting on 27 January 2010, the Board of Directors decided on an additional payment of loans to financial institutions. The amount of repayment is EUR 5.0 million, which was paid on 2 February 2010.

On 9 February 2010, Enfo Oyj completed a business transaction with Xerox Oy regarding its scanning operations. According to the agreement, the scanning of Enfo's purchase invoices, the service production of optical scanning, and concerned personnel will be transferred to Xerox Oy on 1 March 2010. As a result of the transaction, nine Enfo employees will be transferred to Xerox Oy as established employees. In addition, Enfo's 18 leased employees who worked in scanning production will continue as Xerox Oy's leased employees.

Forecast of likely future development

As the company's emphasis is shifting more strongly to continuous IT services, the turnover of hardware and software sales will clearly fall in Finland. However, this will not have any significant impact on the the Group's profitability.

As a result of the fall in the turnover of Finnish operations, the consolidated turnover is estimated to decrease in 2010. Due to the adjustment measures carried out, profitability is estimated to remain unchanged or increase slightly from the previous year.

Risks and uncertainties

Short-term risks and uncertainties are related to increased price competition in the slowly-growing IT market. The conservative growth expectations of customer companies will continue to affect customers' willingness to make investments. Through its growth and internationalisation, Enfo Group is exposed to currency and interest rate risks.

In the long-term, the termination of the commitment arrangements for the key personnel in the Swedish operations may expose the company to a key personnel risk, which is typical in the industry.

Distribution of profit

On 31 December 2009, the parent company's distributable funds were EUR 15,004,534.24. The company's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 4.45 per share be paid, or a total of EUR 2,510,316.

Timetable for financial reporting in 2010

The 2009 financial statements and annual report will be published on the Enfo Oyj website on 3 March 2010. Enfo Oyj's Annual General Meeting will be held on 25 March 2010.

The 2010 Q1 interim report will be published on 29 April 2010, the Q2 interim report on 28 July 2010 and the Q3 interim report on 28 October 2010.

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 Financial Statements. The figures in the tables have been rounded off 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 millions	10-12/09	10-12/08	1-12/09	1-12/08
Turnover	41.9	35.7	140.8	143.4
Other operating income	0.1	1.7	0.1	1.7
Materials and services	-21.3	-19.5	-70.4	-71.3
Employee benefit expenses	-13.5	-11.3	-45.9	-45.7
Depreciation, amortisation and impairment	-1.3	-1.3	-5.2	-4.9
Other operating expenses	-3.5	-3.9	-12.3	-15.8
Operating profit	2.4	1.4	7.0	7.5
Financial income	0.0	0.3	0.3	0.8
Finance costs	-0.3	-1.0	-2.2	-2.8
Profit before taxes	2.1	0.7	5.0	5.5
Income tax	-0.7	-0.2	-1.5	-1.5
Profit for the period	1.4	0.6	3.5	4.0
Attributable to				
Equity-holders of the parent company	1.4	0.6	3.5	4.0
Minority interests	0.0	0.0	0.0	0.0
Earnings per share, basic and diluted, EUR	2.41	0.84	6.29	7.05

Statement of comprehensive income		
EUR millions	1-12/09	1-12/08
Profit for the period	3.5	4.0
Change in the fair value of available-for-sale investments		
Translation difference	2.1	-5.5
Other comprehensive income for the period	5.6	-1.5
Attributable to		
Equity-holders of the parent company	5.6	-1.5
Minority interests	0.0	0.0

Consolidated statement of financial position		
EUR millions	31.12.09	31.12.08
Assets		
Non-current assets		
Tangible assets	3.4	4.2
Goodwill	51.8	49.7
Other intangible assets	5.7	8.3
Available-for-sale investments	0.1	0.1
Receivables	0.1	0.1
Deferred tax assets	0.4	0.9
Non-current assets, total	61.5	63.3

Current assets		
Inventories	0.4	1.2
Trade receivables	25.3	22.9
Other receivables	4.5	3.8
Available-for-sale investments	0.3	0.2
Cash and cash equivalents	12.9	17.4
Total current assets	43.5	45.5
Total assets	105.0	108.8
Equity and liabilities		
Share capital	0.3	0.3
Share premium account	13.3	13.3
Other funds	0.2	0.0
Retained earnings	21.1	16.1
Equity attributable to equity-holders of the parent company, total	34.9	29.7
Minority interest	0.0	0.0
Total equity	34.9	29.7

Non-current liabilities		
Interest-bearing debt	38.2	3.2
Other payables	1.7	2.4
Non-current liabilities, total	39.9	5.6
Current liabilities		
Interest-bearing debt	4.1	48.4
Trade payables	10.2	9.2
Other payables	15.9	16.0
Current liabilities, total	30.2	73.6
Total liabilities	70.1	79.2
Total equity and liabilities	105.0	108.8

Abridged cash flow statement	1-12/09	1-12/08
EUR millions		
Cash flow from operations		
Profit for the period	3.5	4.0
Adjustments to the profit for the period	8.6	8.4
Change in working capital	-1.4	-0.2
Interest paid and received	-1.6	-1.4
Taxes paid	-2.4	-1.7
Cash flow from operations	6.8	9.0

Cash flow from investment activities		
Investments in tangible and intangible assets	-1.4	-3.6
Subsidiary investments deducted by liquid assets	0.0	-46.0
Changes in other investments	0.0	0.0
Cash flow from investment activities	-1.4	-49.6
Cash flow from financing activities		
Changes in loans	-9.3	48.1
Changes in equity	-0.5	-2.0
Cash flow from financing activities	-9.8	46.1
Changes in cash and cash equivalents	-4.4	5.5
Cash and cash equivalents at the beginning of the period	17.4	11.8
Cash and cash equivalents at the end of the period	12.9	17.4

Key ratios	1-12/09	1-12/08
Turnover (EUR million)	140.8	143.4
Operating profit (EUR million)	7.0	7.5
% of turnover	5.0	5.2
Profit before taxes (EUR million)	5.0	5.5
% of turnover	3.6	3.8
Profit for the period (EUR million)	3.5	4.0
% of turnover	2.5	2.8
Earnings per share, EUR	6.29	7.05
Return on investment, %	9.3	14.4
Return on equity, %	11.0	12.6
Equity ratio, %	33.7	27.3
Net gearing, %	83.3	114.5
Interest-bearing net debt (EUR million)	29.1	34.0
Equity/share, EUR	61.8	52.8
Average number of employees	685	703
Number of shares	564,256	561,256

Consolidated statement of changes in equity	Share capital	Share premium account	Reserve for invested unrestricted equity	Retained earnings	Total	Minority interest	Total equity
Equity on 1 Jan. 2008	0.3	13.3	0.0	19.6	33.2	0.0	33.2
Items related to owners				-2.0	-2.0		-2.0
Comprehensive income				-1.5	-1.5	0.0	-1.5
Equity on 31 Dec. 2008	0.3	13.3	0.0	16.0	29.7	0.0	29.7
Equity on 1 Jan. 2009	0.3	13.3	0.0	16.0	29.7	0.0	29.7
Items related to owners			0.2	-0.6	-0.4		-0.4
Comprehensive income				5.6	5.6		5.6
Equity on 31 Dec. 2009	0.3	13.3	0.2	21.1	34.9	0.0	34.9

Turnover by business segments	10-12/09	10-12/08	1-12/09	1-12/08
EUR millions				
IT Services and Solutions	34.6	27.9	112.8	115.0
Information Logistics Services	7.6	8.3	29.9	31.0
Eliminations and others	-0.3	-0.4	-2.0	-2.9
Group total	41.9	35.7	140.8	143.4

Operating profit by business segments	10-12/09	10-12/08	1-12/09	1-12/08
EUR millions				
IT Services and Solutions	1.2	0.9	2.9	5.3
Information Logistics Services	0.9	0.9	4.1	3.2
Group items and others	0.2	-0.4	0.0	-1.0
Group total	2.4	1.4	7.0	7.5

Changes in tangible fixed assets	1-12/09	1-12/08
EUR millions		
Book value at the beginning of the period	4.2	3.7
Increases	0.9	2.4
Increases from the corporate acquisition	0.0	0.1
Decreases	-0.0	-0.1
Depreciation and amortisation	-1.8	-1.7
Exchange rate differences	0.0	-0.1
Book value at the end of the period	3.4	4.2

Commitments and contingencies	30.12.09	30.12.08
EUR millions		
Liabilities with business mortgage as security		
Loans from financial institutions	38.4	48.0
Mortgage amount	11.4	11.4
<i>Other liabilities</i>		
Leasing liabilities	3.2	1.8
Other rental liabilities	8.7	11.6
Other contingent liabilities	0.1	0.1
Total other liabilities	12.0	13.5

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Enfo is a Nordic IT service company which provides companies and organisations with easy-to-use IT services. In its services, Enfo utilises its more than 45 years of experience in IT and the competence of its expert IT professionals. Approximately 700 top experts ensure that Enfo's customers get the best out of their IT. Enfo's turnover was more than EUR 140 million in 2009. For further information about Enfo, please visit www.enfo.fi and www.enfo.se.

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