



## Enfo Oyj's interim report 2/2012 (1 January-31 June 2012)

### Key points of the interim report

- Turnover in April-June increased by 2.5 % and stood at EUR 37.2 million (36.3). Turnover in January-June was up by 4.2% to EUR 74.3 million (71.3).
- Operating profit (EBIT) in April-June increased by 145.3% to EUR 2.2 million (0.9). Operating profit in January-June was up by 92.1% and stood at EUR 4.8 million (2.5).
- Profit before taxes in April-June totalled EUR 2.0 million (1.1). Operating profit in January-June increased by 66.0% to EUR 4.1 million (2.5).
- Earnings per share in April-June were EUR 1.97 (1.33). Earnings per share in January-June were EUR 4.02 (3.11).
- Enfo Oyj's Board of Directors decided to pay an additional dividend of EUR 1.90 per share, totalling EUR 1,112,225.80.
- The twelve-month return on investment was 12.0% (8.1).
- In January-June, Enfo Group employed an average of 771 people (705). At the end of June, the Group employed a total of 785 people (697).
- Cash flow from operating activities in January-June stood at EUR 2.1 million (3.0).
- The company estimates its turnover and operating profit to show continued growth in the third quarter of 2012.

### Market

Prolonged uncertainty over future economic development is affecting customer behaviour in Enfo's key markets, in Finland and Sweden. Although the shift in demand for IT services to projects that offer cost savings and productivity enhancement is providing new opportunities for Enfo's outsourcing services business, it may also affect demand for consulting services, particularly in Sweden.

Enfo estimates the overall IT service markets in Finland and Sweden to achieve a growth rate of 1-2% in 2012.

### Group structure

Enfo Oyj is the parent company of the Enfo Group. Enfo's business operations are divided into two separately reporting segments: IT Services and Information Logistics Services.

### Business development

The Finnish IT markets have so far remained largely unaffected by the general economic uncertainty seen elsewhere in Europe. Demand for Enfo's IT services was strong, and customers' IT service expansion agreements kept the company busy. An extensive IT service agreement was signed with the business management consulting, audit and business arrangement specialist PwC (PricewaterhouseCoopers), covering server, work station management and Service Desk services for PwC's 700 employees in Finland. The value of the agreement, extending over a three-year period, is significant.

Enfo also signed a major IT service agreement with Arek Oy, a developer of earning-based pension information system. The agreement with Arek consists of basic IT as well as the construction of a VDI (Virtual Desktop



Infrastructure) environment and service provision to 200 consultants. The value of the agreement is approximately EUR 1.4 million. Enfo's Industry Verticals enjoyed strong demand for business enhancement services development. Unified Communications solutions continue to attract growing interest in customers in sectors such as the energy industry, where significant investments are being made in the development of communications solutions.

To strengthen its IT service development and to provide premium services to its customers, Enfo introduced a new IT service management system MyEnfo in June 2012. MyEnfo will further improve the efficiency of daily processes and services.

In Sweden, demand for consulting services in IT infrastructure, system integration and identity management projects remained unchanged. The Swedish IT market is showing signs of fierce price competition. Competitive bidding is commonplace in connection with customer projects, which is naturally affecting profitability development in Enfo's Consulting Services. During the reporting period, Enfo signed several new partnership agreements, including an agreement with Volvo IT. In addition, Microsoft selected Enfo Zipper, an IT infrastructure consultation specialist, as its VIP Desktop Partner in 2012. The launch of the outsourcing business is progressing in Sweden. Following the Relacom deal, Enfo relocated its IT service production to Karlskrona. Enfo also signed its first agreements in the Norwegian IT markets, where the Swedish business units provide consulting services.

Information Logistics Services developed in line with expectations in the second quarter. Enfo expanded its invoicing service selection to include invoice material validation, enrichment and payment control services. Furthermore, as stated in Enfo's new information logistics service strategy, the company is focusing its service development on intelligent data processing. New service agreements included the agreement signed with the Puhti joint municipal service provider operating in the western Uusimaa region. The agreement covers e-invoice and printing services. Enfo was also selected by IT hardware and software wholesaler Tech Data Finland as its sales invoice operator. The information logistics service agreement signed with Tech Data Finland covers the company's e-invoices, paper invoices and payment reminders. Markets also showed increasing interest in four-colour printing and the related services.

## Turnover

Enfo Group's turnover increased by 2.5 % in April-June and stood at EUR 37.2 million (36.3). In January-June, turnover was up by 4.2% to EUR 74.3 million (71.3). The favourable exchange rate of the Swedish krona and the acquisition of subsidiaries in Sweden fuelled the Group's turnover growth. Meanwhile, factors holding back growth included a decline in hardware sales and the tight competitive situation in the Finnish information logistics market.

### *Development of turnover by reporting segment*

EUR million	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
IT Services	29.5	28.0	58.4	54.9	109.9
Information Logistics Services	8.4	9.0	17.1	17.7	35.2

IT Services turnover grew by 5.7% in April-June to EUR 29.5 million (28.0). In January-June, turnover grew by 6.3% and totalled EUR 58.4 million (54.9).

In Information Logistics Services, turnover in April-June fell by 6.9 % to EUR 8.4 million (9.0). In January-June, Information Logistics Services recorded a turnover of EUR 17.1 million (17.7), showing a decrease of 3.0%.

## Profitability

In April-June, Enfo Group's profitability improved by 145.3% with operating profit amounting to EUR 2.2 million, which represents 6.0% of turnover (EUR 0.9 million and 2.5%). In the comparison period last year, the Group's performance was affected by the EUR 0.8 million non-recurring reorganisation costs in the Outsourcing Services business in Finland. The Group's operating profit in January-June amounted to EUR 4.8 million, or 6.4% of turnover



(EUR 2.5 million and 3.5%). The Group's profitability in January-June improved by 84.3% from the comparison period a year earlier. This positive profitability trend is attributable to the successful efficiency enhancement measures taken in Finland last year. Meanwhile, fierce price competition in the Swedish IT markets eroded profitability.

The Group's profit before taxes in April-June stood at EUR 2.0 million (1.1), representing 5.4% of turnover (2.9%). Profit before taxes in January-June totalled EUR 4.1 million (2.5), or 5.5% of turnover (3.5%). The Group's net financing costs in April-June were EUR -0.2 million (0.1) and in January-June EUR -0.7 million (0.0). The result in April-June was EUR 1.5 million (0.8), accounting for 4.0% of turnover (2.2%). The result in January-June amounted to EUR 3.1 million (1.8), or 4.1% of turnover (2.6%). Earnings per share in April-June were EUR 1.97 (1.33) and in January-June EUR 4.02 (3.11).

#### *Development of operating profit by reporting segment*

EUR million	4-6/2012	4-6/2011	1-6/2012	1-6/2011	1-12/2011
IT Services	1.0	0.3	2.8	0.7	2.3
Information Logistics Services	1.0	0.9	2.2	2.1	5.0

In the comparison period last year, IT Services' performance was affected by non-recurring reorganisation costs in the Outsourcing Services business in Finland. Profitability improvement was driven by the efficiency measures taken in Finland, as well as healthy sales development. Other factors contributing to good performance included the positive market progress made in the project business of the Industry Verticals unit. Development costs from the Outsourcing Services business in Sweden, as well as tougher competition in Consulting Services, undermined profitability development in IT services.

Information Logistics Services was able to grow its operating profit somewhat from the comparison period. Efficiency improvement and development measures taken and good customer care contributed to growth in operating profit.

#### **Financing and investments**

Enfo's net financing investments in April-June were EUR 1.0 million (0.7) and in January-June EUR 1.6 million (2.7). Investments consisted primarily of the data centre hardware acquired under financial leasing agreements. Investments also include expenses associated with the MyEnfo service management system.

The company's equity ratio was 43.3% (43.1%) at the end of June. Interest-bearing net liabilities at the end of June amounted to EUR 30.8 million (25.5), and net gearing was 64.0% (59.3%).

#### **Personnel**

In January-June, Enfo Group employed an average of 771 people (705). At the end of June, the Group employed a total of 785 people (697).

Enfo's IT Services unit employed an average of 683 people (613) in January-June, while the Information Logistics Services unit employed an average of 72 people (74). Of Enfo's personnel, 330 (356) were employed in Finland and 441 (348) in Sweden during the 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 Executive Management Team members were Arto Herranen, CEO; Tero Kosunen, CFO; Maria Lundell, Senior Vice President, HR; Osmo Wilska, Executive Vice President, Outsourcing Services; Nina Annila, Executive Vice President, Industry Verticals; Johan de Verdier, Executive Vice President, Consulting Services; and Tero Saksman, Executive Vice President, Information Logistics Services.

### **Shares**

On 30 June 2012, Enfo Oyj had a total of 589,120 shares and a total of 106 shareholders. The company has one series of shares. At the end of June 2012, Enfo held 1,238 of its treasury shares.

At the end of June 2012, the company's ten largest owners were Osuuskunta KPY, Enfo Oyj's Personnel Fund HR, Pohjola Insurance Ltd, Ilmarinen Mutual Pension Insurance Company, Suomi Mutual Life Assurance Company, Einari Vidgrén Oy, Keski-suomalainen Oyj, Pohjois-Savo Cooperative Bank, Hannu Isotalo Oy and Savon Voima Oyj. Osuuskunta KPY's shareholding represents 81.9 % of all shares.

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

The company estimates its turnover and operating profit to show continued growth in the third quarter of 2012.

### **Risks and uncertainties**

Short-term risks and uncertainties have to do with the company's ability to maintain competitive prices on the highly competitive IT service market. Increasing price competition is expected in the second half, particularly in Sweden.

The new strategic decisions of the Nordic industry leaders may have an impact on the company's market position in the long term.

### **Events after the review period**

On 1 July 2012, five new members from Sweden joined Enfo Group's Nordic Management Team. Members of the Management Team will now include Lars Aabol, Managing Director, Enfo Zsystems; Magnus Björk, Managing Director, Enfo Zipper; Peter Lörincz, Managing Director, Enfo Zsecurity; Johan Wilhemsson, Business Unit Director, Outsourcing Sweden; and Adam Ritzén, Marketing Director.

On 1 August, 2012, Enfo acquired 2,500 treasury shares from Enfo Oyj's Personnel Fund at a price of EUR 194,000.

As authorised by the Annual General Meeting of 22 March 2012 and in accordance with chapter 13, section 6, paragraph 2 of the Limited Liability Companies Act, Enfo Oyj's Board of Directors decided to pay an additional dividend of EUR 1.90 per outstanding share, totalling EUR 1,112,225.80. The dividend will be paid on 18 October 2012.

### **Timetable for financial reporting in 2012**

The Q3/2012 interim report will be published on 24 October 2012.

**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 in 2011. However, as of 1 April 2012, the company applies cash flow hedge accounting to interest rate risk, and hedging of a net investment in a foreign operation to hedge against interest rate risk. In cash flow hedge accounting, the unrealised changes in the value of an interest-rate derivative are recorded under hedge fund in the statement of comprehensive income, insofar as the hedge is effective and the hedge accounting criteria are met. Hedge accounting of a net investment in a foreign operation involves recording the translation differences arising from different functional currencies under other items of the statement of comprehensive income.

<b>Consolidated income statement</b>					
EUR million	4-6/12	4-6/11	1-6/12	1-6/11	1-12/11
<b>Turnover</b>	37.2	36.3	74.3	71.3	143.2
Other operating income	0.0	0.0	0.1	0.0	0.6
Materials and services	-12.5	-14.5	-24.7	-28.5	-55.9
Employee benefit expenses	-16.8	-15.5	-33.6	-29.9	-58.7
Depreciation, amortisation and impairment	-1.1	-1.1	-2.3	-2.2	-4.5
Other operating expenses	-4.6	-4.4	-9.1	-8.3	-17.5
<b>Operating profit</b>	2.2	0.9	4.8	2.5	7.3
Financial income	0.2	0.4	0.2	0.6	0.4
Finance costs	-0.4	-0.3	-0.9	-0.6	-1.4
<b>Profit before taxes</b>	2.0	1.1	4.1	2.5	6.3
Income tax	-0.5	-0.3	-1.0	-0.7	-1.6
<b>Profit for the period</b>	1.5	0.8	3.1	1.8	4.7
Attributable to					
Equity-holders of the parent company	1.2	0.8	2.4	1.8	4.2
Non-controlling interests	0.3		0.7		0.4
Earnings per share, EUR	1.97	1.33	4.02	3.11	7.19

<b>Statement of comprehensive income</b>			
EUR million	1-6/12	1-6/11	1-12/11
<b>Profit for the period</b>	3.1	1.8	4.7
Change in the fair value of available-for-sale investments	0.0	0.0	0.0
Exchange rate differences caused by a net investment in a foreign subsidiary	0.2	-0.6	0.2
Other translation differences	0.2	-0.4	0.1
Cash flow hedging	-0.1		
Hedge accounting of a net investment in a foreign subsidiary	0.0		
<b>Other comprehensive income for the period</b>	3.4	0.8	4.9
Attributable to			
Equity-holders of the parent company	2.7	0.8	4.5
Non-controlling interests	0.7		0.4



<b>Consolidated statement of financial position</b>			
EUR million	30 June 2012	30 June 2011	31 Dec 2011
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	5.5	4.5	5.3
Goodwill	64.0	57.3	63.3
Other intangible assets	3.3	3.1	4.2
Available-for-sale investments	0.1	0.1	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	0.5	0.4	0.4
Non-current assets, total	73.6	65.6	73.3

<b>Current assets</b>			
Inventories	0.5	0.4	0.3
Trade receivables	27.0	24.9	28.4
Other receivables	2.9	2.1	3.0
Tax assets based on the period's taxable income	3.5	2.3	2.3
Available-for-sale investments	0.0	0.0	0.0
Cash and cash equivalents	4.8	5.8	6.0
Total current assets	38.6	35.5	40.0
<b>Total assets</b>	<b>112.1</b>	<b>101.1</b>	<b>113.3</b>
<b>Equity and liabilities</b>			
Share capital	0.3	0.3	0.3
Share premium	13.3	13.3	13.3
Other reserves	4.2	1.8	1.8
Retained earnings	29.6	27.6	30.3
<b>Equity attributable to equity-holders of the parent company, total</b>	<b>47.4</b>	<b>43.1</b>	<b>45.7</b>
<b>Non-controlling interests</b>	<b>0.7</b>	<b>0.0</b>	<b>0.4</b>
<b>Total equity</b>	<b>48.1</b>	<b>43.1</b>	<b>46.2</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	26.2	24.4	27.5
Other liabilities	2.9	2.1	3.0
Non-current liabilities, total	29.1	26.6	30.5
<b>Current liabilities</b>			
Interest-bearing liabilities	9.4	6.9	8.2
Trade payables	7.0	6.5	6.7
Other liabilities	18.6	18.0	21.7
Current liabilities, total	35.0	31.4	36.6
<b>Total liabilities</b>	<b>64.1</b>	<b>58.0</b>	<b>67.1</b>
<b>Total equity and liabilities</b>	<b>112.1</b>	<b>101.1</b>	<b>113.3</b>

<b>Condensed statement of cash flows</b>	1-6/12	1-6/11	1-12/11
EUR million			
<b>Cash flow from operating activities</b>			
Profit for the period	3.1	1.8	4.7
Adjustments to the profit for the period	4.0	2.8	6.9
Change in working capital:	-0.9	0.7	-0.6
Interest paid and received	-1.0	-0.5	-1.1
Taxes paid	-3.0	-1.8	-3.1
<b>Cash flow from operating activities</b>	<b>2.1</b>	<b>3.0</b>	<b>6.8</b>

<b>Cash flow from investment activities</b>			
Acquisition of subsidiaries less financial assets on the acquisition date			-4.8
Investments in tangible and intangible assets	-0.7	-1.6	-0.7
Acquired operations		-0.8	-1.7
Changes in other investments	0.0	0.3	-0.2
<b>Cash flow from investment activities</b>	<b>-0.7</b>	<b>-2.1</b>	<b>-7.4</b>
<b>Cash flow from financing</b>			
Changes in loans	-0.5	0.1	2.5
Changes in equity	-1.0	-2.7	-2.8
Repayment of financial leasing liabilities	-1.0	-0.6	-1.2
<b>Cash flow from financing</b>	<b>-2.6</b>	<b>-3.3</b>	<b>-1.5</b>
<b>Changes in cash and cash equivalents</b>	<b>-1.2</b>	<b>-2.4</b>	<b>-2.2</b>
Cash and cash equivalents at the beginning of the period	6.0	8.1	8.1
Cash and cash equivalents at the end of the period	4.8	5.8	6.0

<b>Key figures</b>	1-6/12	1-6/11	1-12/11
Turnover (EUR million)	74.3	71.3	143.2
Operating profit (EUR million)	4.8	2.5	7.3
% of turnover	6.4	3.5	5.1
Profit before taxes (EUR million)	4.1	2.5	6.3
% of turnover	5.5	3.5	4.4
Profit for the period (EUR million)	3.1	1.8	4.7
% of turnover	4.1	2.6	3.3
Earnings per share, EUR	4.02	3.11	7.19
Return on investment, %	12.0	8.1	9.7
Return on equity, %	13.0	8.3	10.2
Equity ratio, %	43.3	43.1	41.1
Net gearing, %	64.0	59.3	64.4
Interest-bearing net debt (EUR million)	30.8	25.5	29.7
Equity/share, EUR	80.4	73.1	77.6
Average number of employees	771	705	727
Number of shares	589,120	589,120	589,120

<b>Consolidated statement of changes in equity</b>	Share capital	Share premium	Treasury shares	Currency translation differences	Revaluation and other reserves	Retained earnings	Equity Total	Non-controlling interests	Total equity
<b>Equity on 1 January 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									
Profit/loss for the period						1.8	1.8		1.8
Exchange rate differences arising from a net investment in a foreign subsidiary				-0.6			-0.6		-0.6
Other translation differences				-0.4			-0.4		-0.4
Other comprehensive income items for the period, after taxes				-1.0		1.8	0.8		0.8
<b>Transactions with owners</b>									
Distributed dividends						-2.9	-2.9		-2.9
Share issue					0.2		0.2		0.2
Total					0.2	-2.9	-2.7		-2.7
<b>Equity on 30 June 2011</b>	0.3	13.3	0.0	0.9	1.8	26.7	43.1		43.1

<b>Consolidated statement of changes in equity</b>	Share capital	Share premium	Treasury shares	Currency translation differences	Revaluation and other reserves	Retained earnings	Total equity	Non-controlling interests	Total equity
<b>Equity on 1 January 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									
Profit/loss for the period						2.4	2.4	0.7	3.1
Exchange rate differences arising from net investment in a foreign subsidiary				0.2			0.2		0.2
Other translation differences				0.2			0.3		0.3
Cash flow hedging					-0.1		-0.1		-0.1
Other comprehensive income items for the period, after taxes	0.0	0.0	0.0	0.4	-0.1	2.4	2.7	0.7	3.4
<b>Transactions with owners</b>									
Distributed dividends						-1.0	-1.0	-0.4	-1.4
Total	0.0	0.0	0.0	0.0	0.0	-1.0	-1.0	-0.4	-1.5
<b>Equity on 30 June 2012</b>	0.3	13.3	-0.1	2.6	1.7	29.6	47.4	0.7	48.1



<b>Turnover by business segment</b>	4-6/12	4-6/11	1-6/12	1-6/11	1-12/11
EUR million					
IT Services	29.5	28.0	58.4	54.9	109.9
Information Logistics Services	8.4	9.0	17.1	17.7	35.2
Eliminations and others	-0.7	-0.7	-1.2	-1.3	-1.9
Group total	37.2	36.3	74.3	71.3	143.2

<b>Operating profit by business segment</b>	4-6/12	4-6/11	1-6/12	1-6/11	1-12/11
EUR million					
IT Services	1.0	0.3	2.8	0.7	2.3
Information Logistics Services	1.0	0.9	2.2	2.1	5.0
Eliminations and others	-0.2	-0.3	-0.2	-0.3	0.0
Group total	2.2	0.9	4.8	2.5	7.3

<b>Changes in tangible fixed assets</b>	1-6/12	1-6/11	1-12/11
EUR million			
Carrying amount at the beginning of the period	5.2	4.1	4.1
Increases	1.4	1.5	3.5
Decreases	0.0	0.0	-0.2
Depreciation and amortisation	-1.2	-1.1	-2.1
Exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	5.4	4.5	5.2

<b>Commitments and contingent liabilities</b>	30.6.12	30.6.11	31.12.11
EUR million			
Liabilities with business mortgage or pledge as security			
Loans from financial institutions	31.9	28.0	22.4
Pension loans			9.7
Total loans	31.9	28.0	32.1
Business mortgage	11.4	11.4	11.4
Subsidiary shares	14.8	14.8	14.8
<i>Other liabilities</i>			
Leasing liabilities	4.8	3.7	4.5
Other rental liabilities	10.9	12.1	11.5
Other contingent liabilities	0.2	0.1	0.1
Total other liabilities	15.9	16.0	16.0



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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 more than 45 years of experience in IT and the competence of its expert IT professionals. Approximately 800 top 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 [enfo.fi](http://enfo.fi) and [enfo.se](http://enfo.se).

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

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