



## Enfo Oyj's interim report 1/2013 (1 January – 31 March 2013)

### Key points of the interim report

- Turnover in January–March grew by 1.1% and stood at EUR 37.5 million (37.1).
- Operating profit (EBIT) in January–March amounted to EUR 2.9 million (2.5).
- Profit before taxes in January–March amounted to EUR 2.8 million (2.1).
- Earnings per share in January–March were EUR 2.89 (2.06).
- The twelve-month return on investment was 15.1% (12.6).
- In January–March, Enfo Group employed an average of 792 people (766). At the end of March, the Group employed a total of 788 people (763).
- Business cash flow in January–March stood at EUR 2.6 million (0.7).
- The company estimates the Group's turnover and operating profit will reach the previous year's level in the second quarter of 2013.

### Market

Macroeconomic uncertainty is affecting customer companies' decision-making processes within the company's main market areas in Finland and Sweden, and reducing demand for the company's consulting services.

The company expects the IT service market to grow by 2% in Finland and Sweden in 2013.

### 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

There was varying demand in the IT market during the first quarter from the point of view of Enfo's IT Services. In Finland, Enfo strengthened its market position as a provider of IT services for the energy sector in Outsourcing Services when Kuopion Energia signed a service agreement with Enfo, according to which Enfo will produce basic IT services for Kuopion Energia. Through the agreement, three employees responsible for the services will be transferred to Enfo as established employees. The agreement covers data centre services, Service Desk and workstation services for Kuopion Energia. Furthermore, existing customers extended their service agreements. Are Oy, a Finnish building engineering specialist firm, extended its IT service agreement with Enfo by two years. The total value of the agreement is roughly EUR 1.5 million.

In Sweden, Enfo has continued to strengthen its standardised service production processes in Outsourcing Services. The objective is that service production, customer management and the service range are identical in Finland and Sweden. Outsourcing Services achieved a significant service agreement when Carema Care, one of the leading providers of private care services in Sweden, selected Enfo to produce its IT services. The agreement covers basic IT services for 2,500 workstation users of Carema Care for five years.



In Industry Verticals, there has been good demand for unified communications services. Sponda Oyj acquired a unified communications solution from Enfo, covering Microsoft Lync and videoconferencing services. An agreement was signed with Oy Pohjolan Kaupunkiliikenne AB regarding a recording camera surveillance system for buses.

In the Swedish IT market, competition over prices continues to be fierce, and companies enter their projects in competitive bidding, which affects the profitability development of Consulting Services. In infrastructure consulting, the price competition can be seen the most clearly. There has been good demand for system integration projects that improve the efficiency of business operations and reduce costs, and operations are proceeding as planned. Of existing customers, Volvo Car Corporation, Volvo AB and Skandinaviska Enskilda Banken AB, as well as Volvo Finance and Swedish Match, signed consulting agreements with Enfo.

The operations of Information Logistics Services improved steadily during the review period. There was steady demand for sales and purchase invoice services in the energy sector and among debt collection companies, in particular. Enfo signed new agreements with Kruunupyyn Sähkölaitos Oy, Forssan Energia Oy, FC Perintä Oy and FC Rahoitus Oy. The end of national direct debiting is approaching, which has resulted in higher demand for the migration services offered by Information Logistics Services. In addition, demand for consulting services offered by Information Logistics Services grew.

### Turnover

Enfo Group's turnover increased by 1.1% in January–March and stood at EUR 37.5 million (37.1). The Group's turnover was increased by good market demand for Information Logistics Services. The development of turnover was decelerated by the fierce price competition in the Swedish IT market, which weakened the growth of Consulting Services.

#### *Development of turnover by reporting segment*

EUR million	1–3/2013	1–3/2012	1–12/2012
IT Services	27.7	28.9	111.8
Information Logistics Services	10.1	8.8	35.4

The turnover of the IT Services unit decreased by 4.1% in January–March, amounting to EUR 27.7 million (28.9). The decline was based on slower demand for Consulting Services in Sweden. Demand for Outsourcing Services balanced the decrease.

The turnover of the Information Logistics Services unit increased in January–March to EUR 10.1 million (8.8), representing growth of 15.0%. The increase in turnover was especially caused by stronger demand for sales and purchase invoice services and information logistics consulting.

### Profitability

Enfo Group's profitability improved in January–March with operating profit totalling EUR 2.9 million, comprising 7.6% of turnover (2.5 and 6.8%). The increase in profitability reflects good demand for IT services in Finland and the positive development of Outsourcing Services in Sweden.

The Group's profit before taxes in January–March stood at EUR 2.8 million (2.1), comprising 7.5% of turnover (5.7). The Group's net financing costs in January–March stood at EUR 0.0 million (–0.4). The result in January–March was EUR 2.1 million (1.6), comprising 5.7% of turnover (4.2). Earnings per share in January–March were EUR 2.89 (2.06).

*Development of operating profit by reporting segment*

EUR million	1–3/2013	1–3/2012	1–12/2012
IT Services	1.8	1.4	2.3
Information Logistics Services	1.1	1.1	5.0

The increase in the operating profit of IT Services was affected by the good progress of outsourcing operations in the Finnish and Swedish markets.

The operating profit of Information Logistics Services remained at the previous year's level. The operating profit was also affected by productive customer management and successful projects.

**Financing and investments**

Enfo's net financing investments in January–March stood at EUR 0.6 million (0.7). Investments consisted of data centre equipment obtained through a financial leasing agreement and expenses allocated to the MyEnfo service management system. Investments also include the acquisition of videoconferencing equipment in Enfo's conference rooms.

The company's equity ratio was 44.0% (43.3) at the end of the review period. Interest-bearing net liabilities at the end of March amounted to EUR 29.4 million (29.8), and net gearing was 58.7% (63.3).

**Personnel**

In January–March, Enfo Group employed an average of 792 people (766). At the end of March, the Group employed a total of 788 people (763).

Enfo's IT Services employed an average of 689 people (679) in January–March, while Information Logistics Services employed an average of 80 people (71). Of Enfo's personnel, 346 (328) were employed in Finland and 446 (438) in Sweden during the review period.

On 14 February 2013, Enfo Oyj was yet again selected as one of the best workplaces in Finland in the survey organised by the Great Place to Work Institute Finland. This year, Enfo came 16th in the general series. In Sweden, Enfo was 3rd in the series of major corporations in the Great Place to Work list. Enfo was in the same position the year before.

Enfo Service Desk also received recognition for its service expertise when customer service employee Tero Hakkarainen won the title of Customer Service Employee of the Year in the national Asiakkaan Ääni ("The Customer's Voice") competition on 26 March 2013.

**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. On 21 March 2013, Cargotec Oyj's CIO Soili Mäkinen started as a new member of the Board of Directors.

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 Osmo Wilska (Outsourcing Services), Managing Director Tero Saksman



(Enfo Zender), Executive Vice President Lars Aabol (Consulting Services), Managing Director Fredrik Bergman (Enfo Zystems), Managing Director Peter Lörincz (Enfo Zipper), Business Unit Director Johan Wilhelmsson (Outsourcing Sweden), and Marketing Director Adam Ritzén.

### **Annual General Meeting 2013**

On 21 March 2013, Enfo Oyj's Annual General Meeting decided, in accordance with the Board of Directors' proposal, that a dividend of EUR 1.70 per share be paid on the basis of the confirmed balance sheet for the financial period ending on 31 December 2012, i.e. a total of EUR 992,745.60. The dividend will be paid on 31 May 2013.

The Annual General Meeting authorised 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 valid until the beginning of the next Annual General Meeting.

According to the proposal of the Nomination Committee, the current members of the Board of Directors – Tapio Hakakari, Hannu Isotalo, Mammu Kaario, Timo Kärkkäinen and Ossi Saksman – were elected as members of Enfo Oyj's Board of Directors. According to the proposal of the Nomination Committee, Soili Mäkinen was elected as a new member of Enfo Oyj's Board of Directors. Soili Mäkinen currently works as the Chief Information Officer of Cargotec Corporation. At the organisation meeting held after the Annual General Meeting, the Board of Directors elected Tapio Hakakari as the Chairman and Hannu Isotalo as the Deputy Chairman.

The Annual General Meeting also authorised Enfo Oyj's Board of Directors to decide upon the issuance of new shares through a rights issue. The authorisation concerns the issuance of a maximum of 113,500 shares. Shares can be conveyed in order to obtain assets required in connection with a company or business acquisition. The Board of Directors decides on the subscription price and other terms and conditions of the share issue.

In addition, the Annual General Meeting authorised the Board of Directors to decide on conveying new or treasury shares through a directed rights issue. The authorisation applies to the assignment and/or issue of no more than 10,000 shares. Shares can also be conveyed and/or issued in order to finance or complete any business transactions or as part of the company's salary and incentive scheme for the company's personnel and the personnel fund. The Board of Directors decides on the subscription price and other terms and conditions of the share issue.

The Annual General Meeting authorised Enfo Oyj's Board of Directors to decide upon the acquisition of the company's shares using the company's unrestricted equity. The authorisation applies to the acquisition of a maximum of 10,000 shares at a minimum share price of EUR 1.00 and a maximum share price of EUR 120. The shares can be purchased for use as consideration when the company acquires assets for its business operations, for any business acquisitions, as part of the company's salary or incentive system, or in order to fulfil the company's share repurchase commitments and for cancellation. The Board of Directors can decide upon the acquisition price and other acquisition terms. The authorisations are valid until the end of the next Annual General Meeting.

### **Shares**

On 31 March 2013, Enfo Oyj had a total of 589,120 shares. At the end of March, Enfo had a total of 106 shareholders. The company has one series of shares. Enfo owned 5,152 of its treasury shares at the end of March 2013.

At the end of March 2013, 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%.



**Forecast for likely future development**

The company estimates the Group's turnover and operating profit will reach the previous year's level in the second quarter of 2013.

**Risks and uncertainties**

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

**Timetable for financial reporting in 2013**

The 2013 Q2 interim report will be published 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	1-3/13	1-3/12	1-12/12
<b>Turnover</b>	37.5	37.1	145.2
Other operating income	0.0	0.0	0.2
Materials and services	-12.1	-12.1	-49.2
Employee benefit expenses	-17.2	-16.8	-65.9
Depreciation, amortization and impairment	-1.1	-1.1	-4.6
Other operating expenses	-4.2	-4.6	-17.8
<b>Operating profit</b>	2.9	2.5	7.9
Financial income	0.3	0.0	0.8
Finance expenses	-0.3	-0.5	-2.0
<b>Profit before taxes</b>	2.8	2.1	6.7
Income tax	-0.7	-0.5	-2.3
<b>Profit for the period</b>	2.1	1.6	4.4
Attributable to			
Equity holders of the parent company	1.7	1.2	3.0
Non-controlling interests	0.5	0.4	1.4
Earnings per share, EUR	2.89	2.06	5.16

<b>Statement of comprehensive income</b>			
EUR million	1-3/13	1-3/12	1-12/12
<b>Profit for the period</b>	2.1	1.6	4.4
Change in the fair value of available-for-sale investments	0.0	0.0	0.0
Exchange rate differences caused by net investments in foreign subsidiaries	0.5	0.3	0.6
Hedging for net investments in foreign subsidiaries	-0.1	0.0	0.0
Other translation differences	0.4	0.0	0.0
Cash flow hedging	0.1	0.0	-0.5
Other comprehensive income items	0.0	0.0	-0.5
Taxes associated with other comprehensive income items	0.0	0.0	0.1
<b>Other comprehensive income for the period</b>	3.0	1.9	4.2
Attributable to			
Equity holders of the parent company	2.6	1.5	2.8
Non-controlling interests	0.4	0.4	1.4



<b>Consolidated statement of financial position</b>			
<b>EUR million</b>	31.3.13	31.3.12	31.12.12
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets	4.5	5.2	4.9
Goodwill	66.6	63.6	65.2
Other intangible assets	3.7	3.8	3.7
Available-for-sale investments	0.1	0.2	0.1
Receivables	0.1	0.1	0.1
Deferred tax assets	0.5	0.4	0.5
Total non-current assets	75.5	73.3	74.4
<b>Current assets</b>			
Inventories	0.4	0.3	0.3
Trade receivables	27.6	26.0	30.7
Other receivables	3.3	2.7	2.6
Tax assets based on the period's taxable income	3.0	2.6	1.9
Available-for-sale investments	0.0	0.0	0.0
Cash and cash equivalents	4.9	4.7	3.5
Total current assets	39.2	36.3	39.0
<b>Total assets</b>	<b>114.7</b>	<b>109.6</b>	<b>113.5</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	0.3	0.3	0.3
Share premium account	13.3	13.3	13.3
Other reserves	1.5	1.8	1.5
Retained earnings	33.1	30.9	31.7
<b>Equity attributable to equity holders of the parent company, total</b>	<b>48.2</b>	<b>46.3</b>	<b>46.7</b>
<b>Non-controlling interests</b>	<b>1.9</b>	<b>0.8</b>	<b>1.4</b>
<b>Total equity</b>	<b>50.1</b>	<b>47.1</b>	<b>48.1</b>
<b>Non-current liabilities</b>			
Interest-bearing liabilities	23.6	19.8	23.8
Other liabilities	2.0	1.3	1.8
Deferred tax liabilities	0.8	1.6	0.7
Non-current liabilities, total	26.3	22.7	26.4
<b>Current liabilities</b>			
Interest-bearing liabilities	10.7	14.7	10.7
Trade payables	6.8	6.5	8.3
Other liabilities	20.7	18.6	19.9
Current liabilities, total	38.3	39.8	39.0
<b>Total liabilities</b>	<b>64.6</b>	<b>62.5</b>	<b>65.3</b>
<b>Total equity and liabilities</b>	<b>114.7</b>	<b>109.6</b>	<b>113.5</b>



<b>Condensed statement of cash flows</b>	1-3/13	1-3/12	1-12/12
<b>EUR million</b>			
<b>Cash flow from operating activities</b>			
Profit for the period	2.1	1.6	4.4
Adjustments to the profit for the period	1.9	2.1	8.5
Change in working capital	0.5	-0.9	0.8
Interest paid and received	-0.2	-0.4	-1.7
Taxes paid	-1.6	-1.7	-5.6
<b>Cash flow from operating activities</b>	<b>2.6</b>	<b>0.7</b>	<b>6.3</b>
<b>Cash flow from investment activities</b>			
Investments in tangible and intangible assets	-0.4	-0.2	-1.5
Changes in other investments	0.0	0.0	0.0
<b>Cash flow from investment activities</b>	<b>-0.4</b>	<b>-0.2</b>	<b>-1.5</b>
<b>Cash flow from financing</b>			
Changes in loans	-0.4	-1.4	-2.7
Changes in equity	0.0	0.0	-2.9
Repayment of financial leasing liabilities	-0.5	-0.4	-1.9
<b>Cash flow from financing</b>	<b>-0.9</b>	<b>-1.8</b>	<b>-7.5</b>
<b>Changes in cash and cash equivalents</b>	<b>1.3</b>	<b>-1.3</b>	<b>-2.6</b>
Impact of exchange rate changes in cash and cash equivalents	0.0	0.0	0.1
Cash and cash equivalents at the beginning of the period	3.5	6.0	6.0
Cash and cash equivalents at the end of the period	4.9	4.7	3.5

<b>Key figures</b>	1-3/13	1-3/12	1-12/12
Turnover (EUR million)	37.5	37.1	145.2
Operating profit (EUR million)	2.9	2.5	7.9
% of turnover	7.6	6.8	5.5
Profit before taxes (EUR million)	2.8	2.1	6.7
% of turnover	7.5	5.7	4.6
Profit for the period (EUR million)	2.1	1.6	4.4
% of turnover	5.7	4.2	3.0
Earnings per share, EUR	2.89	2.06	5.16
Return on investment, %	15.1	12.6	10.6
Return on equity, %	17.4	13.5	9.3
Equity ratio, %	44.0	43.3	42.7
Net gearing, %	58.7	63.3	64.6
Interest-bearing net debt (EUR million)	29.4	29.8	31.1
Equity/share, EUR	82.6	78.5	79.9
Average number of employees	792	766	778
Number of shares	589 120	589 120	589 120





<b>Consolidated statement of changes in equity</b>	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
<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						1.2	1.2	0.4	1.6
Exchange rate differences caused by net investments in foreign subsidiaries				0.2			0.2		0.2
Net investment hedging									
Other translation differences				0.1			0.1		0.1
Cash flow hedging									
Adjustments from previous periods in equity									
Taxes associated with other comprehensive income items									
Other comprehensive income items for the period after taxes	0.0	0.0	0.0	0.3	0.0	1.2	1.5	0.4	1.9
<b>Business operations with owners</b>									
Distributed dividends						-1.0	-1.0		-1.0
Total						-1.0	-1.0		-1.0
Differences caused by the conversion of the financial statements									
<b>Equity 31 March 2012</b>	0.3	13.3	-0.1	2.5	1.8	28.5	46.2	0.8	47.1

<b>Consolidated statement of changes in equity</b>	Share capital	Share premium account	Treasury shares	Translation differences	Fair value reserve	Retained earnings	Total equity	Non-controlling interest	Total equity
<b>Equity on 1 Jan. 2013</b>	0.3	13.3	-0.4	3.7	1.5	28.4	46.7	1.4	48.1
<b>Comprehensive income</b>									
Other comprehensive income items									
Profit/loss for the period						1.7	1.7	0.5	2.1
Exchange rate differences caused by net investments in foreign subsidiaries				0.5			0.5		0.5
Net investment hedging				-0.1			-0.1		-0.1
Other translation differences				0.4			0.4		0.4
Cash flow hedging					0.1		0.1		0.1
Adjustments from previous periods in equity									
Taxes associated with other comprehensive income items									
Other comprehensive income items for the period after taxes				0.8	0.1	1.7	2.5	0.5	3.0
<b>Business operations with owners</b>									
Distributed dividends						-1.0	-1.0		-1.0
Total						-1.0	-1.0		-1.0
Differences caused by the conversion of the financial statements									
<b>Equity on 31 March 2013</b>	0.3	13.3	-0.4	4.4	1.5	29.1	48.2	1.9	50.1

<b>Turnover by business segment</b>	1-3/13	1-3/12	1-12/12
EUR million			
IT Services	27.7	28.9	111.8
Information Logistics Services	10.1	8.8	35.4
Eliminations and others	-0.2	-0.5	-1.9
Group total	37.5	37.1	145.2

<b>Operating profit by business segment</b>	1-3/13	1-3/12	1-12/12
EUR million			
IT Services	1.8	1.4	3.2
Information Logistics Services	1.1	1.1	4.7
Group items and others	0.0	0.0	0.0
Group total	2.9	2.5	7.9

<b>Changes in tangible fixed assets</b>	1-3/13	1-3/12	1-12/12
EUR million			
Carrying amount at the beginning of the period	4.9	5.2	5.2
Increases	0.4	0.6	2.9
Decreases	-0.1	0.0	-1.0
Depreciation and amortization	-0.7	-0.6	-2.3
Exchange rate differences	0.0	0.0	0.0
Carrying amount at the end of the period	4.5	5.2	4.9

<b>Commitments and contingencies</b>	31.3.2013	31.3.2012	31.12.2012
EUR million			
Liabilities with business mortgage or pledge as security			
Loans from financial institutions	30.2	22.3	30.1
Pension loans	0.0	8.6	0.0
Total liabilities	30.2	30.9	30.1
Business mortgage	11.4	11.4	11.4
Subsidiary shares	16.4	14.8	16.4
<i>Derivative contracts</i>			
Interest swaps			
Current values	-0.4	-0.1	-0.5
Rated value SEK (91.520.240 SEK)	11.0	11.8	10.7
Rated value EUR	8.6	9.0	8.6
<i>Other liabilities</i>			
Leasing liabilities	5.2	4.2	6.1
Other rental liabilities	8.1	11.8	8.3
Other contingent liabilities	1.3	0.2	0.1
Total other liabilities	13.4	16.2	14.5



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