



# Interim Report 1-3/2011

28 April 2011

CEO Pekka Eloholma



**Affecto**

# Forward-Looking Statements



Certain sections of this presentation contain forward-looking statements based on the Company's current expectations, estimates, projections and assumptions.

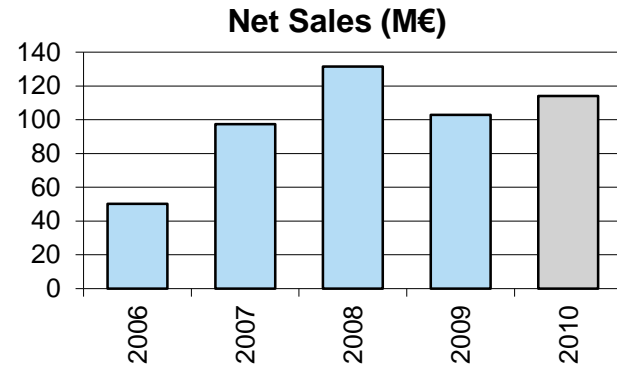
Words such as 'forecasts', 'estimates', 'expects', 'plans', and variations of these words and similar expressions are intended to identify forward-looking statements, which include, but are not limited to, Affecto's performance and profitability, market growth and industry developments.

These statements involve certain risks and uncertainties, which are difficult to predict, and therefore actual future results and trends may differ materially from what is forecast in forward-looking statements. Affecto undertakes to update such statements with respect to new information and future events only within the limits of its statutory obligation to disclose information.

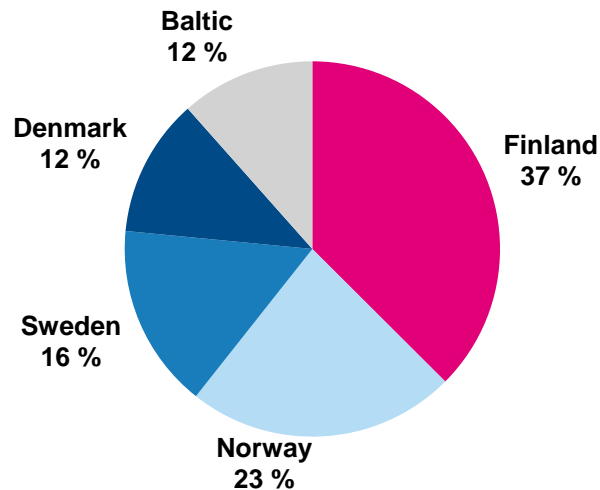
# Leading BI solution provider in Nordic



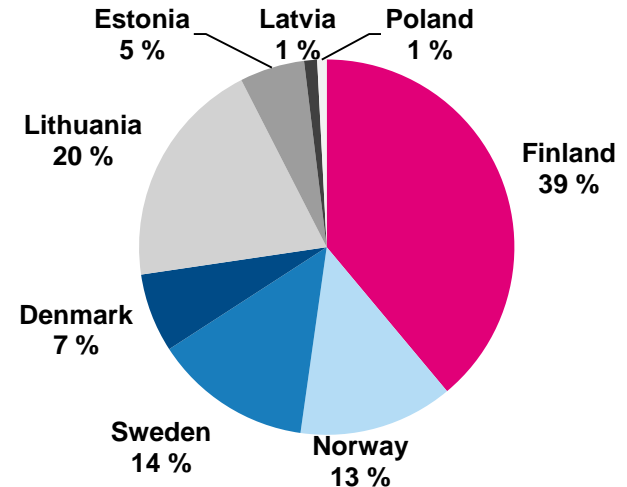
- Net sales: 114 M€ in 2010
- Approx. 980 employees



## Sales per region – 1-3/2011



## Personnel by country (Q1/2011)



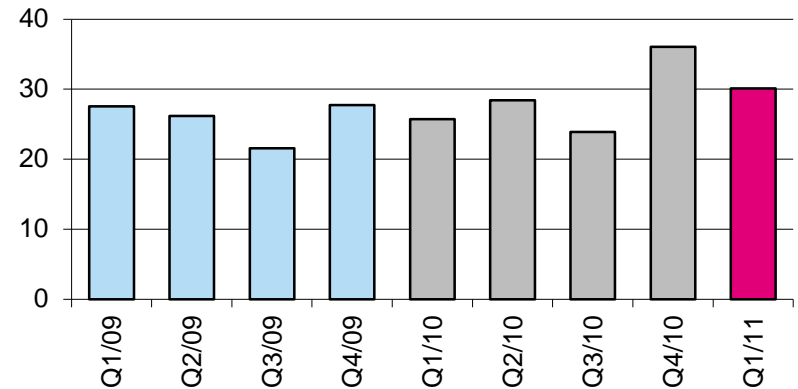
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# Overview to Q1/2011



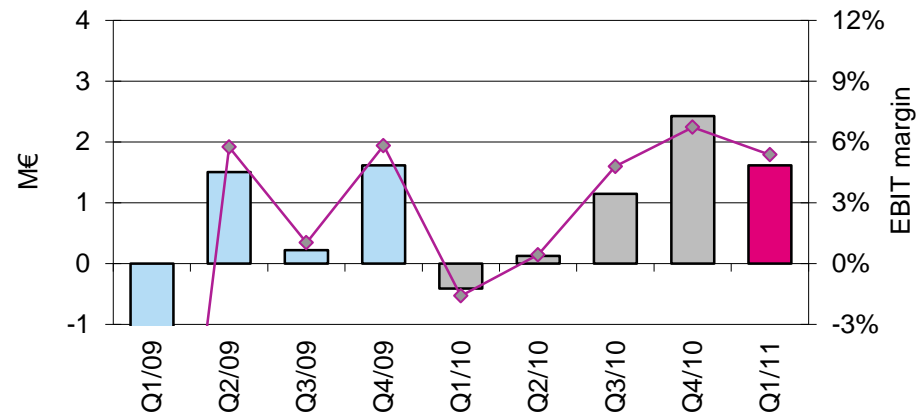
- Net sales 30.1 M€ (25.7 M€)
  - Normal business conditions
  - Reported growth 17%, growth in all areas:
    - 37% growth in Denmark
    - 37% nominal growth in Sweden

Net Sales (M€)



- EBIT 1.6 M€ (-0.4 M€)
  - Good operational segment profit in Finland, Norway, Denmark and Baltic
  - Losses in Sweden

EBIT



# Geographical segments & business areas



	Information Management Solutions	Geographic Information Services
Finland	●	●
Norway	●	
Sweden	●	
Denmark	●	
Baltic	●	

# Segment comparison Q1/2011



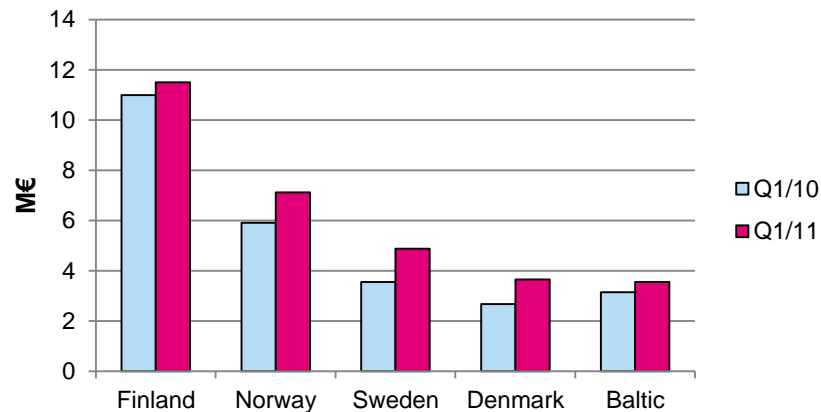
## Net Sales

By segment	1-3/11	1-3/10	Growth	2010
Finland	11 502	10 985	5 %	46 522
Norway	7 113	5 912	20 %	25 845
Sweden	4 874	3 548	37 %	15 276
Denmark	3 657	2 673	37 %	15 411
Baltic	3 546	3 136	13 %	13 694
Other	-570	-522		-2 669
<b>Total</b>	<b>30 121</b>	<b>25 732</b>	<b>17 %</b>	<b>114 078</b>

By business line	1-3/11	1-3/10	Growth	2010
Information Management Solutions	27 544	23 335	18 %	103 579
Geographic Information Services	2 823	2 498	13 %	10 950
Other	-246	-100		-451
<b>Group total</b>	<b>30 121</b>	<b>25 732</b>	<b>17 %</b>	<b>114 078</b>

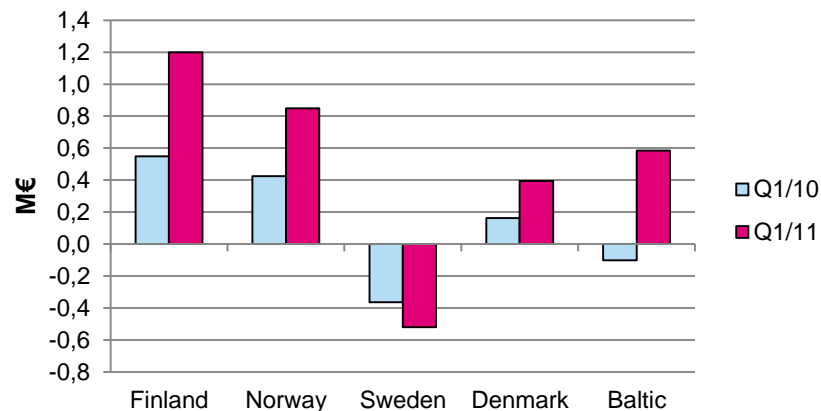
## Net Sales



## Result

By segment	1-3/11	Margin	1-3/10	Margin	2010	Margin
Finland	1 200	10 %	549	5 %	5 073	11 %
Norway	849	12 %	425	7 %	2 405	9 %
Sweden	-521	-11 %	-365	-10 %	-1 666	-11 %
Denmark	395	11 %	162	6 %	1 226	8 %
Baltic	584	16 %	-102	-3 %	595	4 %
Other	-378		-589		-2 367	
<b>Operational Segment Result</b>	<b>2 128</b>	<b>7 %</b>	<b>80</b>	<b>0 %</b>	<b>5 265</b>	<b>5 %</b>
IFRS amortisation	-514		-491		-1 990	
<b>Operating profit</b>	<b>1 615</b>	<b>5 %</b>	<b>-412</b>	<b>-2 %</b>	<b>3 275</b>	<b>3 %</b>

## Operational Segment Result

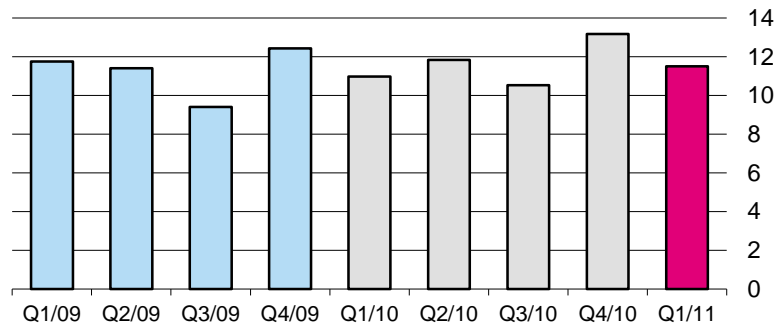


# Business areas - Finland

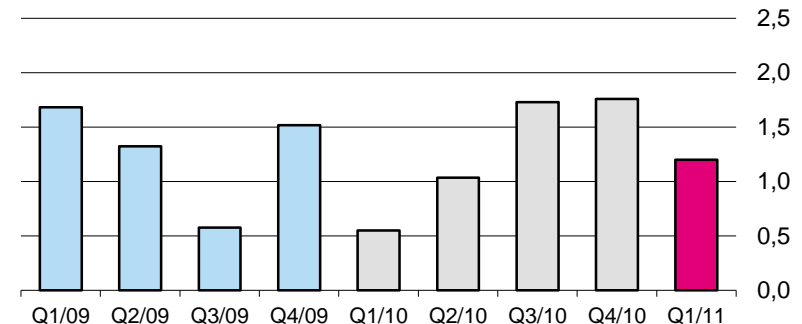


- Net sales 11.5 M€ (11.0 M€)
  - 5% growth
- Operational segment profit 1.2 M€ (0.5 M€)
  - Good operational segment result margin 10%
- Continuing improvement in business conditions, mostly stable demand in the market

Net Sales



Operational Segment Result



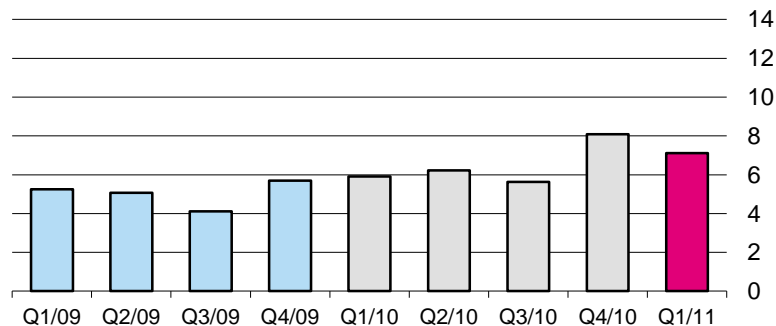
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# Business areas - Norway

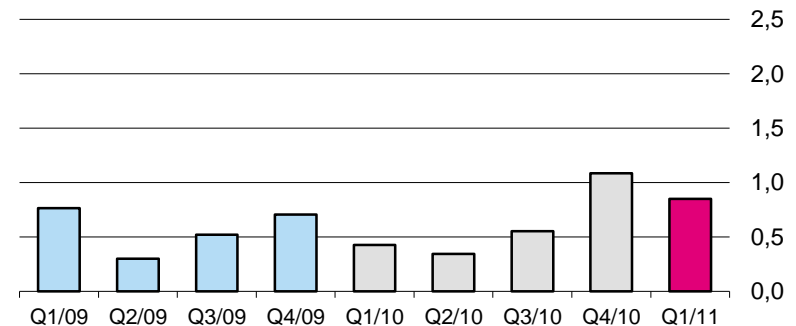


- Net sales approx. 7.1 M€ (5.9 M€)
  - 20% growth, good organic growth
- Operational segment result: 0.8 M€ / 12% (0.4 M€)
- Good market conditions

Net Sales



Operational Segment Result



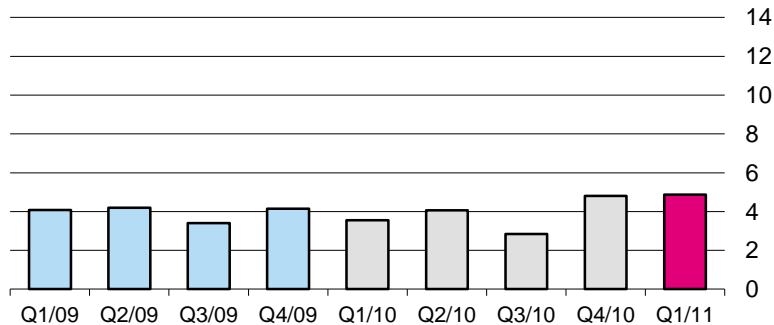
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# Business areas - Sweden

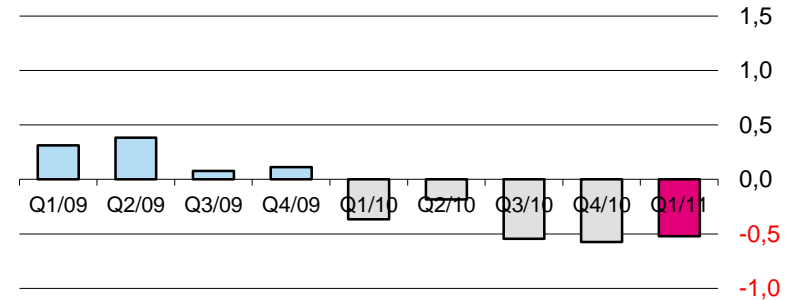


- Net sales approx. 4.9 M€ (3.5 M€)
  - Return to growth path
- Negative operational segment result -0.5 M€ / -11% (-0.4 M€)
- Organisation being forward-lookingly built, still losses-making
  - Targeting a substantial growth in 2011, number of employees rising

Net Sales



Operational Segment Result

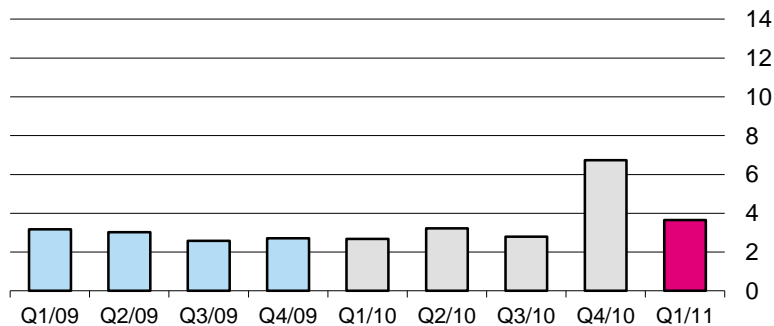


# Business areas - Denmark

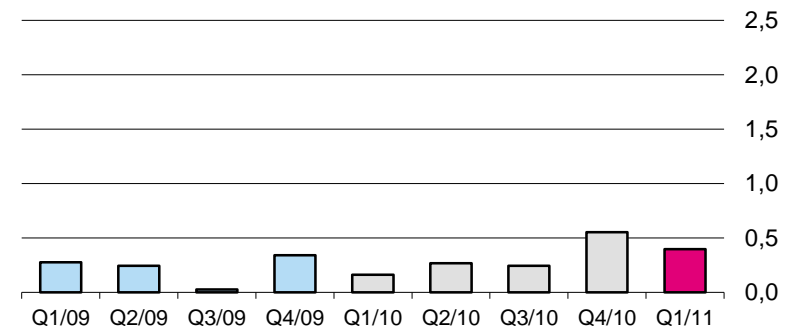


- Net sales approx. 3.7 M€ (2.7 M€)
  - 37% growth
- Operational segment result 0.4 M€ / 11% (0.2 M€)
- Good customer activity

Net Sales



Operational Segment Result



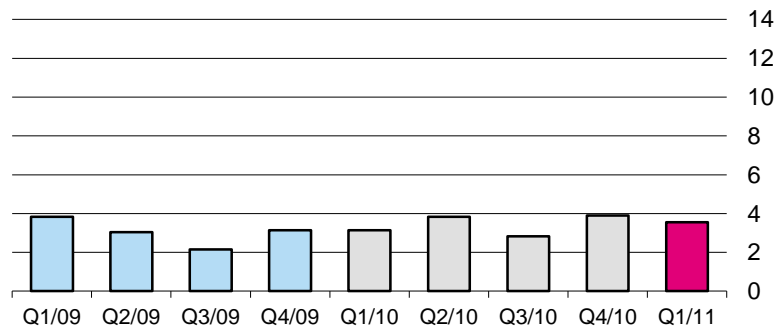
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# Business areas - Baltic

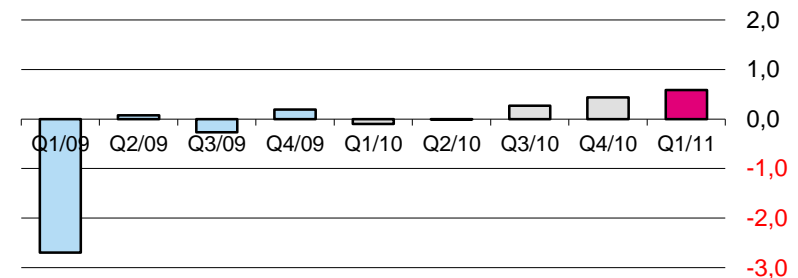


- Net sales 3.5 M€ (3.1 M€)
  - 13% growth
- Operational segment result was 0.6 M€ / 16% (-0.1 M€)
- Increased activity in the local market, but not yet fully recovered
  - Price competition

Net Sales



Operational Segment Result



# Income statement Q1/2011



(1 000 EUR)	1-3/11	1-3/10	2010
Net sales	30 121	25 732	114 078
Other operating income	37	13	57
Changes in inventories of finished goods and work in progress	29	50	-181
Materials and services	-5 563	-4 484	-25 393
Personnel expenses	-17 812	-16 749	-64 838
Other operating expenses	-4 336	-4 130	-17 106
Other depreciation and amortisation	-347	-353	-1 352
Operational segment result	2 128	80	5 265
IFRS3 amortisation	-514	-491	-1 990
Operating profit/loss	1 615	-412	3 275
Finance costs (net)	-143	-664	-1 797
Profit/loss before income tax	1 472	-1 076	1 479
Income tax	-299	134	-546
Non-controlling interest	13	-	22
Profit/loss for the period	1 186	-941	955
Diluted	0.06	-0.04	0.05

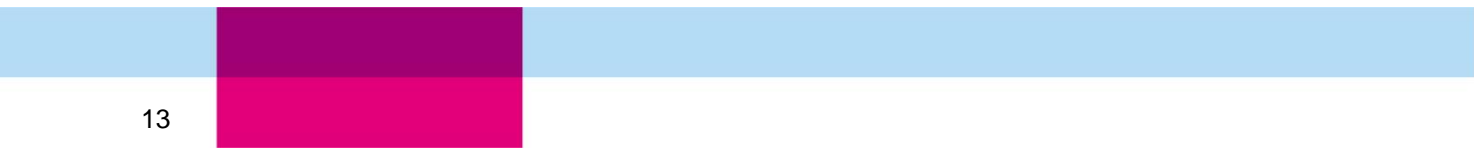
- Normal depreciation 0.3 M€
  - Capex 0.5 M€
- Acquisition related IFRS3 amortization 0.5 M€ (0.5 M€)
  - Estimate:
    - 2.0 M€ in 2011
    - 1.9 M€ in 2012
- Finance costs affected by fair value of interest-rate swap.
  - Impact +0.2 M€ in Q1/11

# Balance sheet



(1 000 EUR)	3/2011	3/2010	12/2010
Property, plant and equipment	2 110	2 105	1 908
Goodwill	72 879	70 895	72 866
Other intangible assets	7 519	9 368	8 099
Other long-term assets	1 571	2 286	1 561
<b>Long-term assets</b>	<b>84 079</b>	<b>84 654</b>	<b>84 434</b>
Receivables and inventories	34 898	29 678	44 649
Cash and cash equivalents	15 682	18 933	13 818
<b>Current assets</b>	<b>50 580</b>	<b>48 610</b>	<b>58 468</b>
<b>Total assets</b>	<b>134 658</b>	<b>133 264</b>	<b>142 901</b>
Equity for shareholders	55 629	53 240	55 695
Non-controlling interest	367	-	380
Non-current liabilities	35 199	41 224	35 535
Current liabilities	43 463	38 800	51 292
<b>Total equity and liabilities</b>	<b>134 658</b>	<b>133 264</b>	<b>142 901</b>

- Main changes since 12/2010
  - Decreased working capital
  - Dividend 1.3 M€ (decided in March, paid in April)
- Interest-bearing net debt 20.8 M€ (22.6 M€ 12/10)
- Gearing 37% (40%)
- Equity ratio 45% (43%)



# Ownership structure – 20 April 2011



Registered owners	%
Cantell Oy	9,2 %
OP-Suomi Pienyhtiöt Fund	7,8 %
Mika Laine	6,7 %
Taaleritehdas Arvo Markka Fund	4,2 %
Ilmarinen Mutual Pension	3,9 %
Säästöpankki Kotimaa Fund	3,2 %
State Pension Fund	2,8 %
SEB Gyllenberg Small Firm Fund	2,4 %
Alfred Berg Finland Fund	2,4 %
Storebrand Bank ASA	2,1 %
Other shareholders	51,6 %
Affecto Management Oy	3,8 %
Treasury shares	0,0 %
<b>Total</b>	<b>100,0 %</b>

- 21.5 million shares in total

## Flaggings in 2011

- Capman Public Market decreased below 5% in January
- OP-Rahastoyhtiö exceeded 5% in January
- Nordea Rahastoyhtiö Suomi exceeded 5% in February
- Nordea Rahastoyhtiö Suomi decreased below 5% in April
  
- Affecto Management Oy owns 3.8% of shares

Note: Based on previous flagging announcements, Arendals Fossekompagni ASA has over 5%, but shares are in nominee register

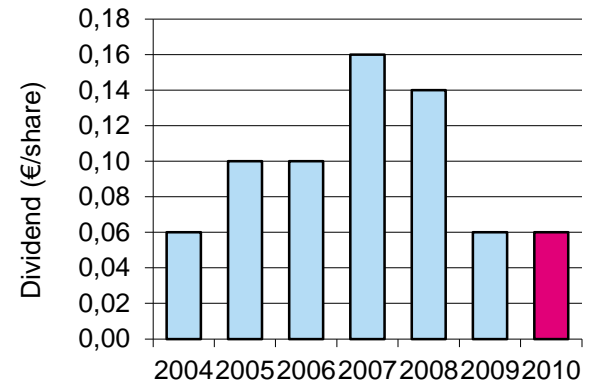


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# Annual General Meeting - 31 March 2011



- Dividend 0.06 eur/share
  - Last year 0.06 eur/share
- Elected board members: six board members
  - Current members to continue: Aaro Cantell, Heikki Lehmusto, Jukka Ruuska, Haakon Skaarer
  - New members: Tuija Soanjärvi, Lars Wahlström
- Other issues
  - Same authorizations as last year
  - Creating a Nominations committee for board member selection





# Outlook

# Vision, mission and customer promise



## Vision

The leading North European Enterprise Information Management company in size, revenue, margin, customer and employee satisfaction

## Mission

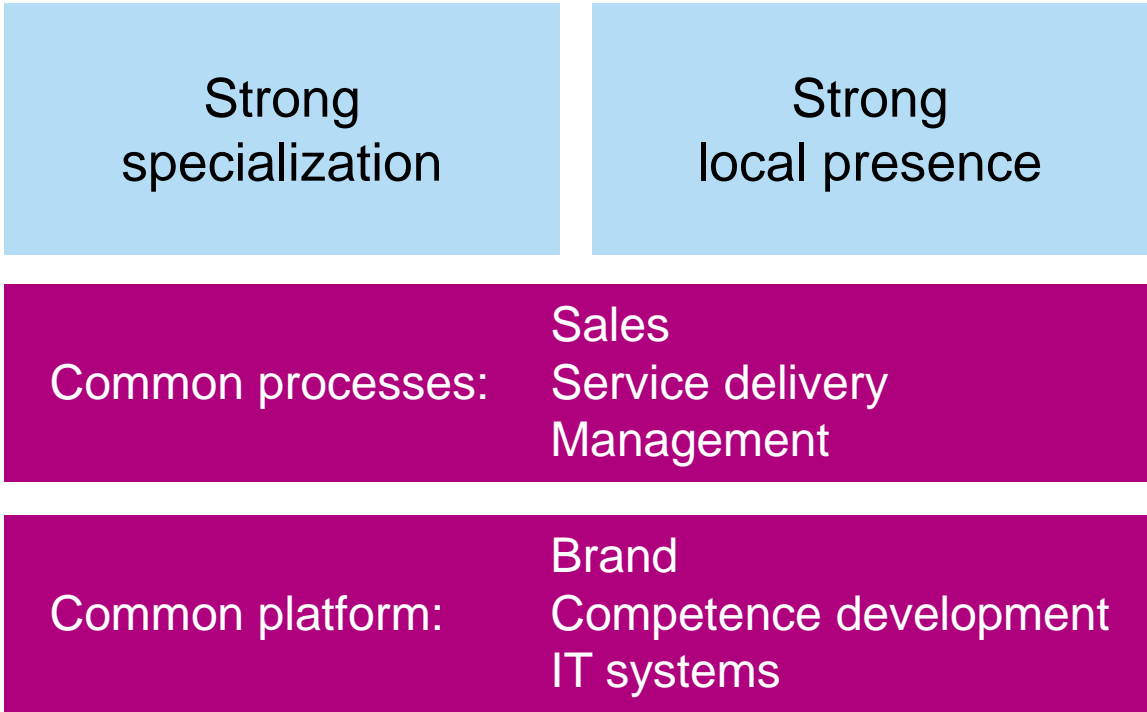
We fight for the right that every person should have the information that makes his/her work effective and inspiring

## Customer promise

We improve our customers' productivity and competitiveness by superior use of information

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# Cornerstones of our operations



# Financial targets: Profitable growth



## Long-term financial targets

- Organic revenue growth to clearly exceed the market growth, which is estimated to be 6-8 % per year in the relevant markets
- Profitability: one of the highest in our segment, the listed Nordic IT service companies

## Dividend policy

- The board intends to propose to the general meeting dividends up to one-half of earnings per share on average over the longer term

# Market environment

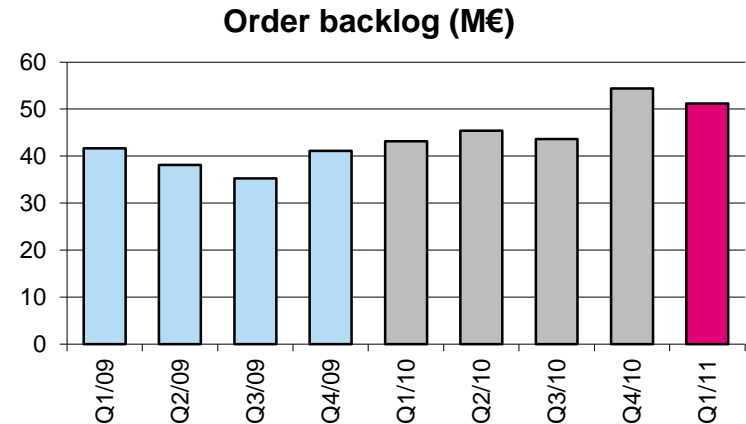


- Nordic: small growth in general IT services in 2011
  - BI and ECM forecast to grow more rapidly (6-8%)
  - Normal market conditions
- Baltic: growth in 2011
  - GDP forecasts: growth in 2011
  - Customer activity has increased, but the market has not yet fully recovered
  - Price competition in the local market
  - Importance of EU as the financier of the investments

# Outlook



- Order backlog 51 M€
  - 19% y-on-y increase

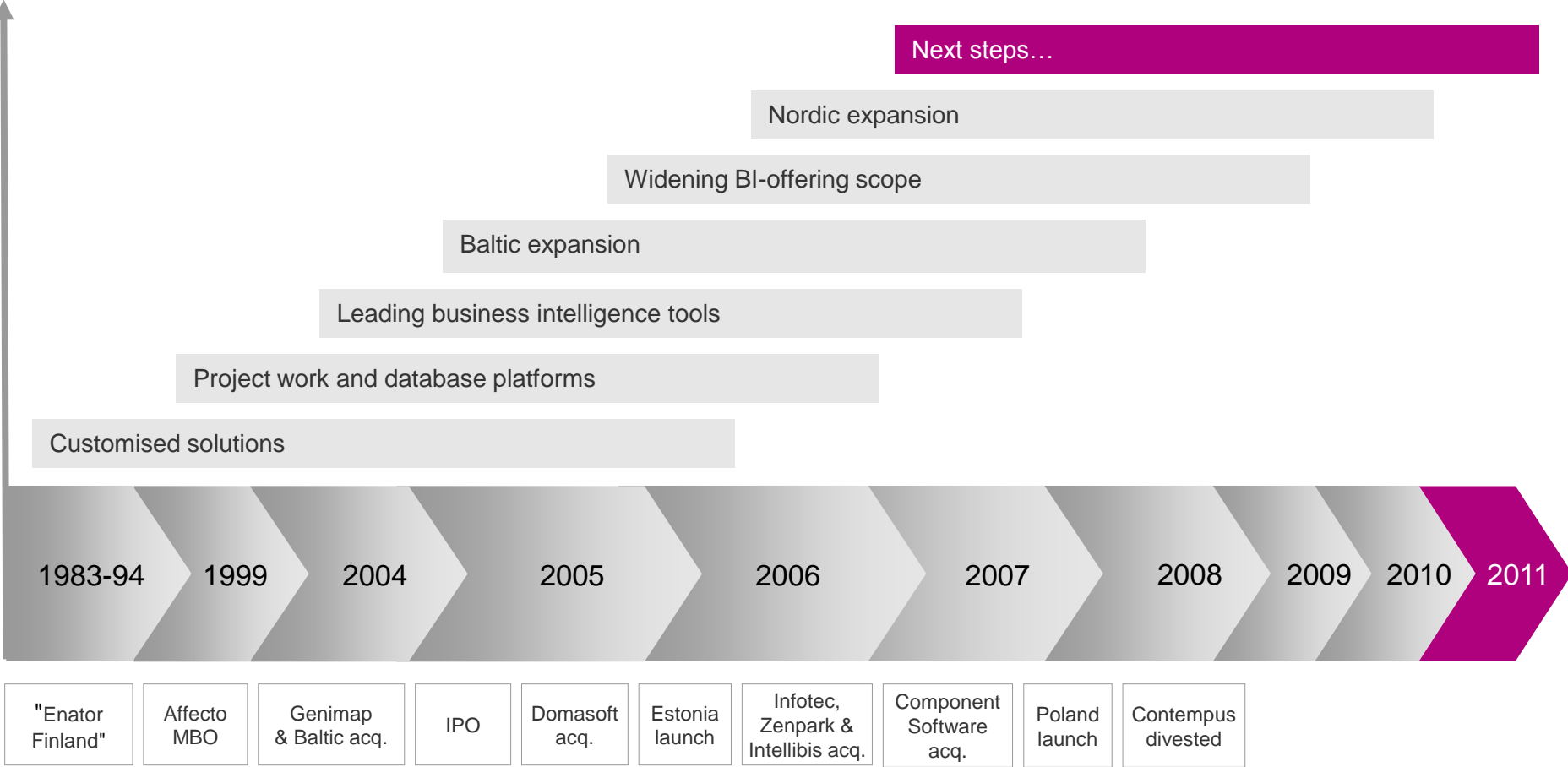


- In 2011 the main focus is on profit improvement. Operating profit is estimated to at least double compared to year 2010. The net sales are estimated to grow at least by 10% in year 2011.

# Affecto's largest customers in 2010



# Overview to Affecto's history



# Nordic currencies



- One third of Affecto's revenue is generated in Norway and Sweden, whose currencies have fluctuated significantly in 2008-2010
  - Recovery in 2009/2010
- Direct impact to revenue and profit in EUR terms
  - In addition, effects on goodwill and on intra-group items (forex losses/profits)

SEK/EUR



NOK/EUR

