



# Interim Report 1-9/2011

1 November 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.

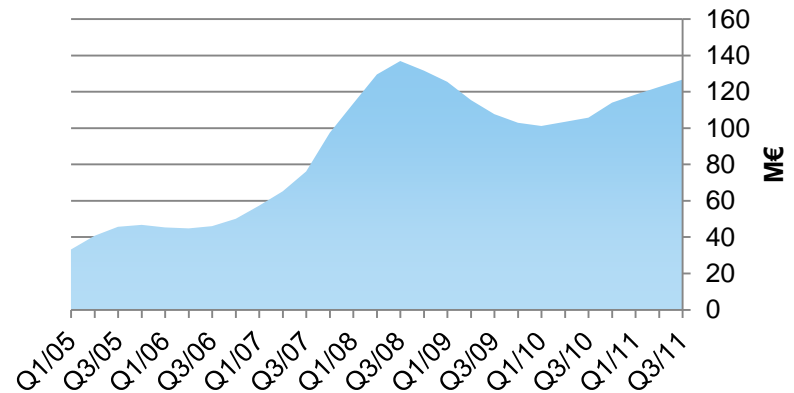
These statements involve certain risks and uncertainties, which are difficult to predict, and therefore actual future results and trends may differ materially from what is forecast in forward-looking statements. Affecto undertakes to update such statements with respect to new information and future events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

# Leading BI solution provider in Nordic

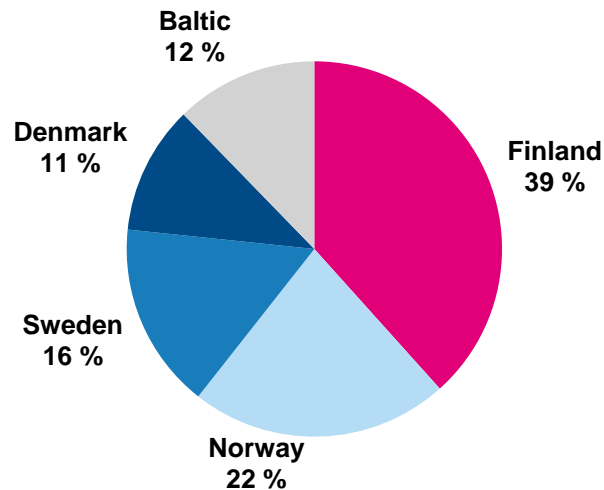


- Net sales: 114 M€ in 2010
- Approx. 1040 employees

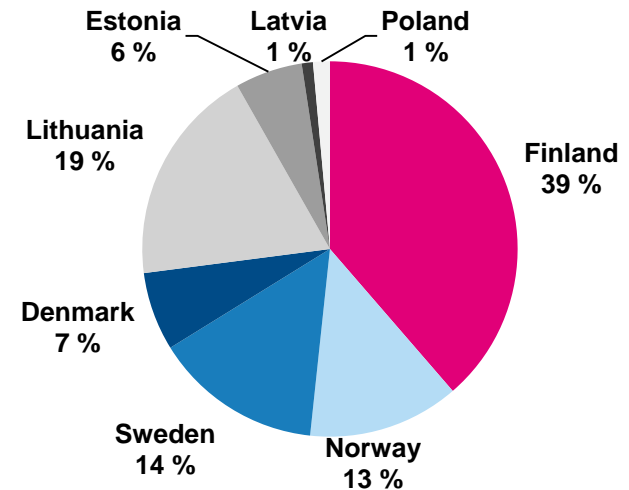
Net Sales, last 12 months



Sales per region – 1-9/2011



Personnel by country (Q3/2011)



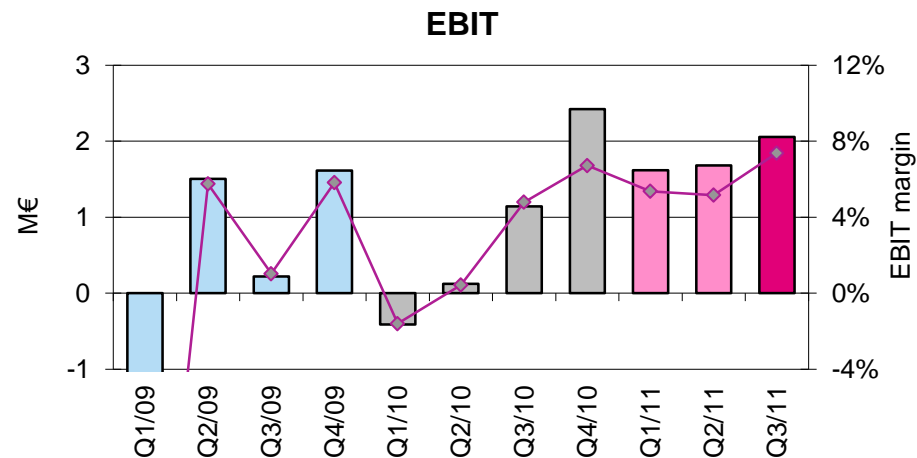
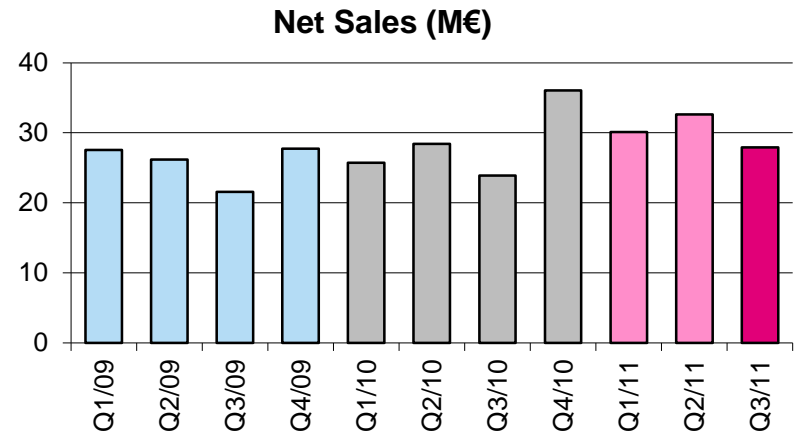
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# Overview to Q3/2011



- Net sales 27.9 M€ (23.9 M€)
  - Summer vacations
  - Reported growth 17%, growth in all areas:
    - 71% growth in Sweden
    - 12% growth in Norway
  - Estimated market growth 6-8%

- EBIT 2.1 M€ (1.1 M€)
  - Good result elsewhere except Sween



# Geographical segments & business areas



	Information Management Solutions	Geographic Information Services
Finland	<input type="checkbox"/>	<input type="checkbox"/>
Norway	<input type="checkbox"/>	
Sweden	<input type="checkbox"/>	
Denmark	<input type="checkbox"/>	
Baltic	<input type="checkbox"/>	

# Segment comparison Q3/2011



## Net Sales

By segment	7-9/11	7-9/10	Growth	2010
Finland	11 312	10 529	7 %	46 522
Norway	6 317	5 636	12 %	25 845
Sweden	4 878	2 845	71 %	15 276
Denmark	3 072	2 788	10 %	15 411
Baltic	2 944	2 822	4 %	13 694
Other	-626	-744		-2 669
<b>Total</b>	<b>27 897</b>	<b>23 877</b>	<b>17 %</b>	<b>114 078</b>

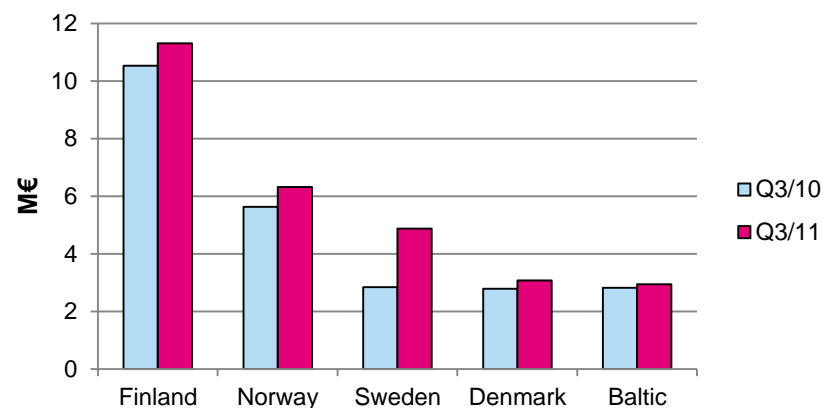
## By business line

By business line	7-9/11	7-9/10	Growth	2010
Information Management Solutions	25 565	21 402	19 %	103 579
Geographic Information Services	2 560	2 569	0 %	10 950
Other	-228	-94		-451
<b>Group total</b>	<b>27 897</b>	<b>23 877</b>	<b>17 %</b>	<b>114 078</b>

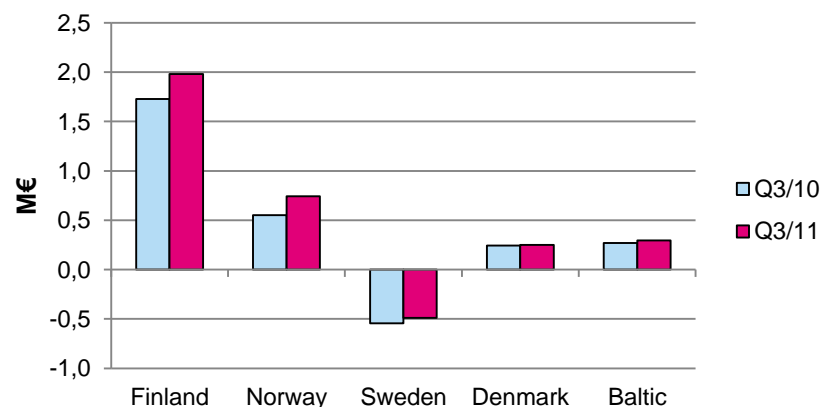
## Result

By segment	7-9/11	Margin	7-9/10	Margin	2010	Margin
Finland	1 980	18 %	1 729	16 %	5 073	11 %
Norway	743	12 %	552	10 %	2 405	9 %
Sweden	-488	-10 %	-544	-19 %	-1 666	-11 %
Denmark	249	8 %	243	9 %	1 226	8 %
Baltic	295	10 %	268	9 %	595	4 %
Other	-222		-606		-2 367	
<b>Operational Segment Result</b>	<b>2 556</b>	<b>9 %</b>	<b>1 642</b>	<b>7 %</b>	<b>5 265</b>	<b>5 %</b>
IFRS amortisation	-500		-499		-1 990	
<b>Operating profit</b>	<b>2 056</b>	<b>7 %</b>	<b>1 143</b>	<b>5 %</b>	<b>3 275</b>	<b>3 %</b>

## Net Sales



## Operational Segment Result



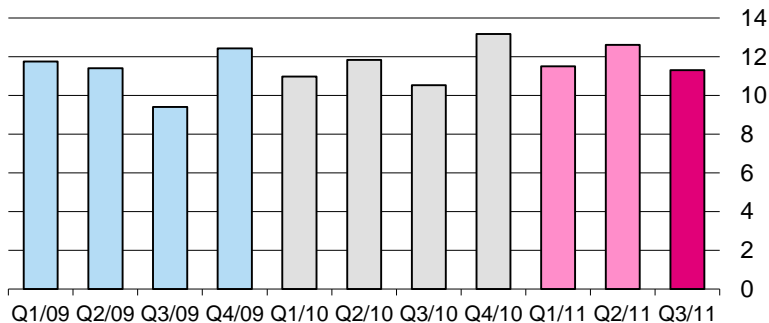
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# Business areas - Finland

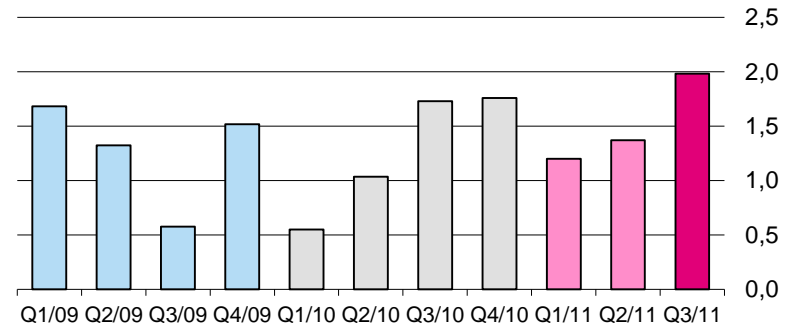


- Net sales 11.3 M€ (10.5 M€)
  - 7% growth
- Operational segment result Q3: 2.0 M€ / 18% (1.7 M€ / 16%)
- Operational segment result 1-9: 4.6 M€ / 13% (3.3 M€ / 10%)
- Mostly stable demand in the market, BI being the strongest area

Net Sales



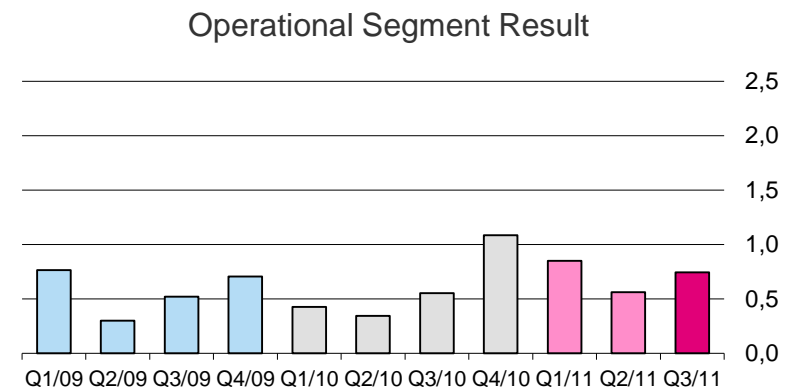
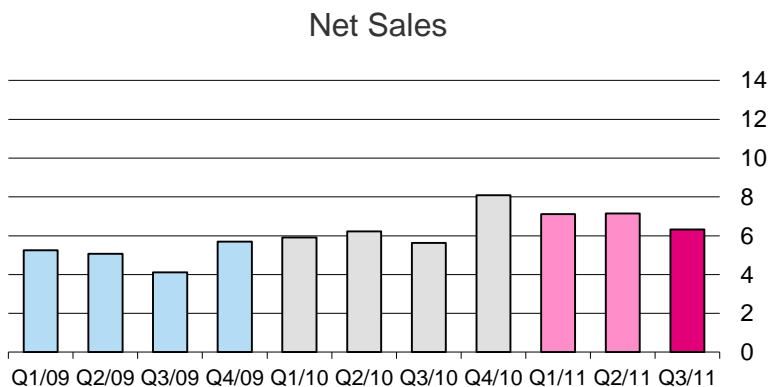
Operational Segment Result



# Business areas - Norway



- Net sales 6.3 M€ (5.6 M€)
  - 12% growth
- Operational segment result Q3: 0.7 M€ / 12% (0.6 M€ / 10%)
- Operational segment result 1-9: 2.2 M€ / 10% (1.3 M€ / 7%)
- Mostly normal market conditions, but order backlog has developed a bit weaker than on average

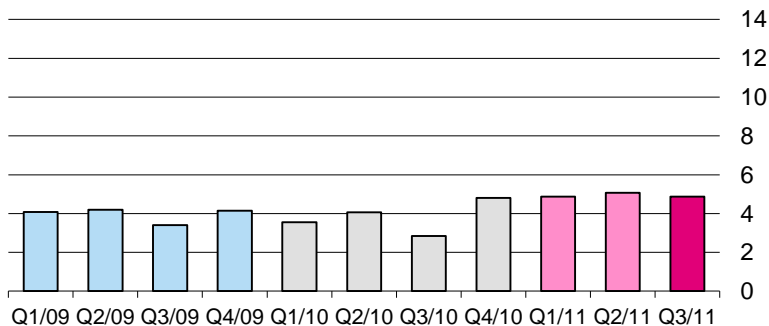


# Business areas - Sweden

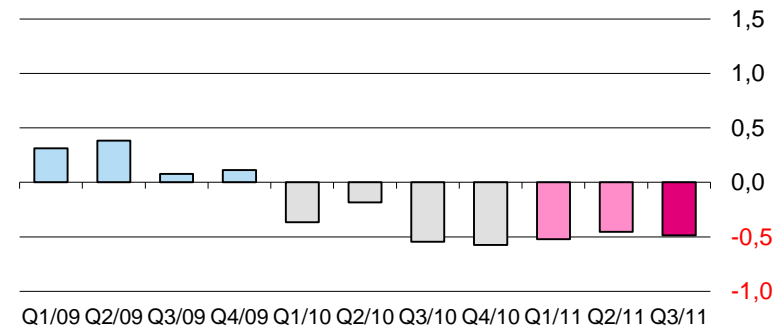


- Net sales 4.9 M€ (2.8 M€)
  - Continuing growth: 71%
- Negative operational segment result -0.5 M€ / -10% (-0.5 M€ / -19%)
- Active recruitment in H1, targeting a substantial growth in 2011
  - Return to profitability by year-end
- Sales performing well

Net Sales



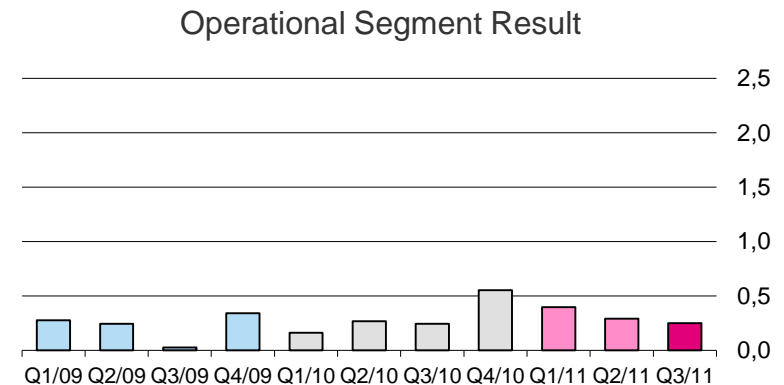
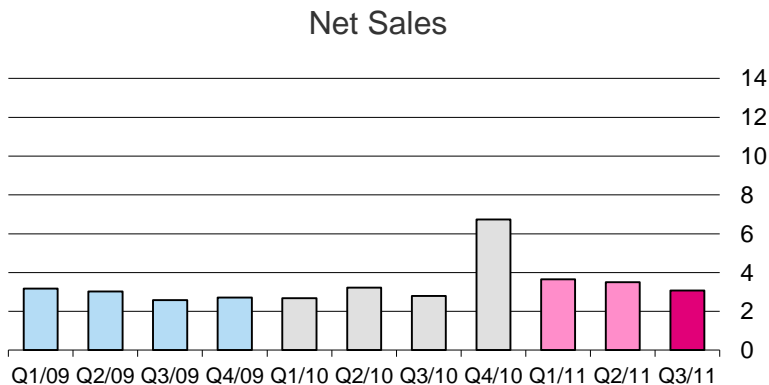
Operational Segment Result



# Business areas - Denmark



- Net sales 3.1 M€ (2.8 M€)
  - 10% growth
- Operational segment result Q3: 0.2 M€ / 8% (0.2 M€ / 9%)
- Operational segment result 1-9: 0.9 M€ / 9% (0.7 M€ / 8%)
- Normal market conditions

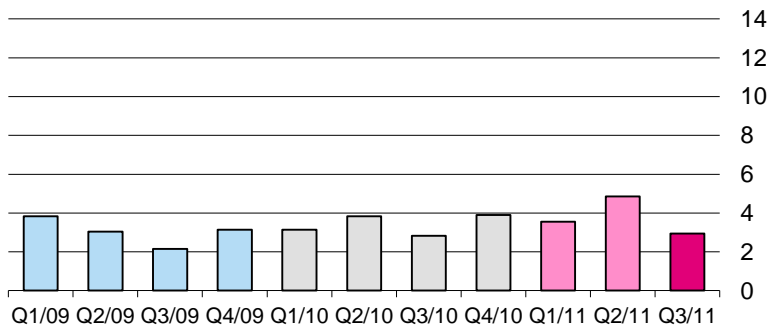


# Business areas - Baltic

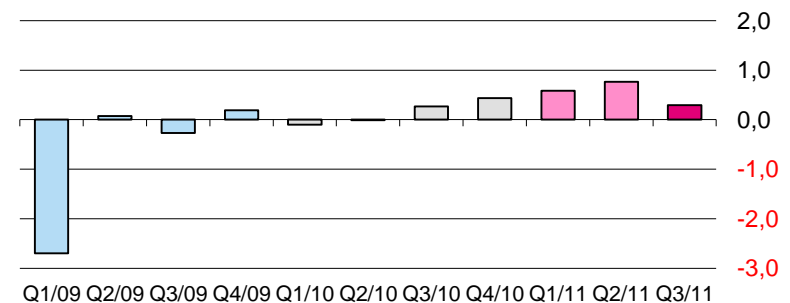


- Net sales 2.9 M€ (2.8 M€)
  - 4% growth
- Operational segment result Q3: 0.3 M€ / 10% (0.3 M€ / 9%)
- Operational segment result 1-9: 1.6 M€ / 15% (0.2 M€ / 2%)
- Increased activity in the local market, but not yet fully recovered
  - Price competition

Net Sales



Operational Segment Result



# Income statement Q3/2011



(1 000 EUR)	7-9/11	7-9/10	1-9/11	1-9/10	2010
Net sales	27 897	23 877	90 627	78 032	114 078
Other operating income	4	9	90	23	57
Changes in inventories of finished goods and work in progress	-27	-116	13	-163	-181
Materials and services	-5 713	-4 621	-18 486	-15 082	-25 393
Personnel expenses	-15 334	-13 274	-51 771	-46 969	-64 838
Other operating expenses	-3 929	-3 901	-12 566	-12 471	-17 106
Other depreciation and amortisation	-342	-332	-1 037	-1 026	-1 352
Operational segment result	2 556	1 642	6 870	2 343	5 265
IFRS3 amortisation	-500	-499	-1 519	-1 489	-1 990
Operating profit/loss	2 056	1 143	5 351	853	3 275
Finance costs (net)	-331	-295	-916	-1 357	-1 797
Profit/loss before income tax	1 725	848	4 435	-504	1 479
Income tax	-429	-207	-1 135	88	-546
Non-controlling interest	17	8	5	10	22
Profit/loss for the period	1 312	650	3 306	-406	955
Diluted EPS	0,06	0,03	0,16	-0,02	0,05

- Normal depreciation 0.3 M€
  - Capex 0.3 M€
- Acquisition related IFRS3 amortization 0.5 M€ (0.5 M€) Estimate:
  - 2.0 M€ per year until 2014
- Finance costs affected by fair value of interest-rate swap. Impact
  - +0.2 M€ in Q1/11
  - +0.0 M€ in Q2/11
  - +0.0 M€ in Q3/11

# Balance sheet



(1 000 EUR)	9/2011	9/2010	12/2010
Property, plant and equipment	2 014	2 058	1 908
Goodwill	72 066	72 169	72 866
Other intangible assets	6 321	8 498	8 099
Other long-term assets	1 621	2 216	1 561
<b>Long-term assets</b>	<b>82 022</b>	<b>84 941</b>	<b>84 434</b>
Receivables and inventories	37 978	32 864	44 649
Cash and cash equivalents	13 778	9 377	13 818
<b>Current assets</b>	<b>51 756</b>	<b>42 242</b>	<b>58 468</b>
<b>Total assets</b>	<b>133 777</b>	<b>127 183</b>	<b>142 901</b>
Equity for shareholders	56 929	53 509	55 695
Non-controlling interest	374	393	380
Non-current liabilities	34 763	4 463	35 535
Current liabilities	41 711	68 818	51 292
<b>Total equity and liabilities</b>	<b>133 777</b>	<b>127 183</b>	<b>142 901</b>

- Main changes since 12/2010
  - Dividend 1.3 M€
- Interest-bearing net debt 24.3 M€ (22.6 M€ 12/10)
- Gearing 42% (40%)
- Equity ratio 46% (43%)
- Bank loan refinanced, loan agreement until 2016

# Ownership structure – 26 October 2011



<u>Registered owners</u>	<u>%</u>
Cantell Oy	10,6 %
OP-Suomi Pienyhtiöt Fund	8,0 %
Mika Laine	6,7 %
Taaleritehdas Arvo Markka Fund	4,4 %
Ilmarinen Mutual Pension	3,9 %
Evli Suomi Fund	3,4 %
Säästöpankki Kotimaa Fund	3,0 %
State Pension Fund	2,8 %
Alfred Berg Finland Fund	2,5 %
SEB Gyllenberg Small Firm Fund	2,4 %
Other shareholders	48,4 %
Affecto Management Oy	3,8 %
Treasury shares	0,0 %
<hr/>	
<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
  - Aaro Cantell exceeded 10% in September
- 
- 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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# Outlook

# Market environment

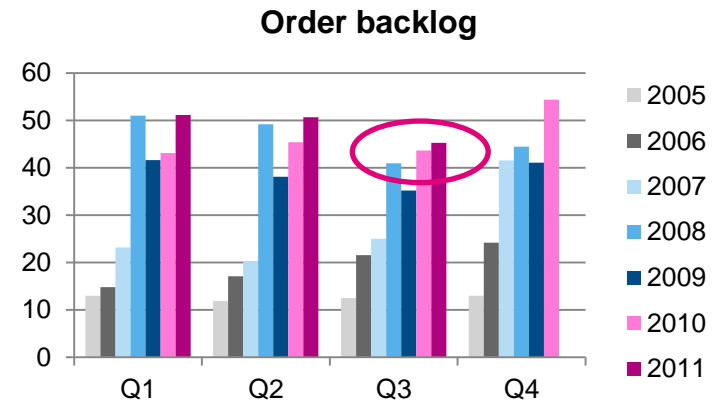
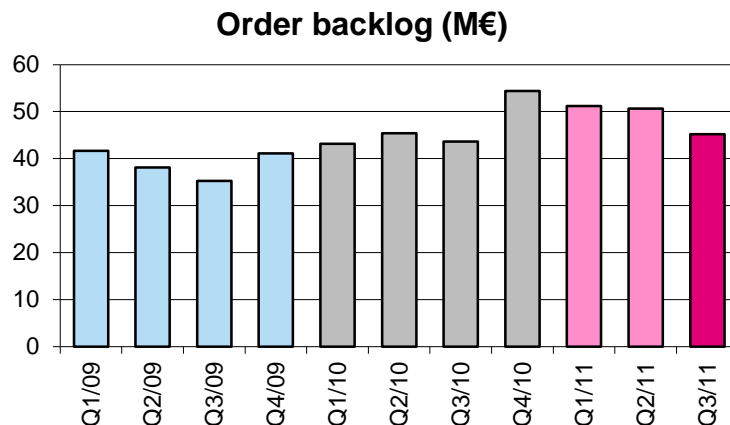


- Uncertainty has clearly grown but so far not many effects to our daily business
  - Some signs in sales work that customers grow more cautious
  - Uncertainty may affect customers' investment plans and cause either smaller investments or slower decision making
- Underlying BI market still intact and realized growth probably matches the earlier estimates of 6-8% growth

# Outlook



- Order backlog 45 M€
  - Decrease from Q2/2011, but 4% 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. Net sales is estimated to grow by at least 10% in year 2011.
- In addition to the business cycle related uncertainty, the weak predictability of license deals typical to the fourth quarter weakens the short-term visibility.

# Affecto's largest customers in 2010



# Offering: Solutions for better decisions



## Information infrastructure

- Data integration
- Data warehouse
- Data Quality
- Master data management
- Information lifecycle management



## Information and performance management

- Analytics and reporting
- Budgeting and planning
- Dashboards and BI desktop for everyone
- Cost and profitability
- Risk management



## Collaborative decision making

- Collaborative BI
- Case management
- Document management
- Intranet, extranet and portals



## Business process & tailor-made software solutions

- Solutions for critical business process optimization
- GIS
- Insurance solutions

**Supports the entire Enterprise Information Management value chain:**

Affecto Business Advisory, project management & implementation,  
Affecto Service Management, Affecto Academy

**Affecto**

# Vision, mission and customer promise



## Vision

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

## Mission

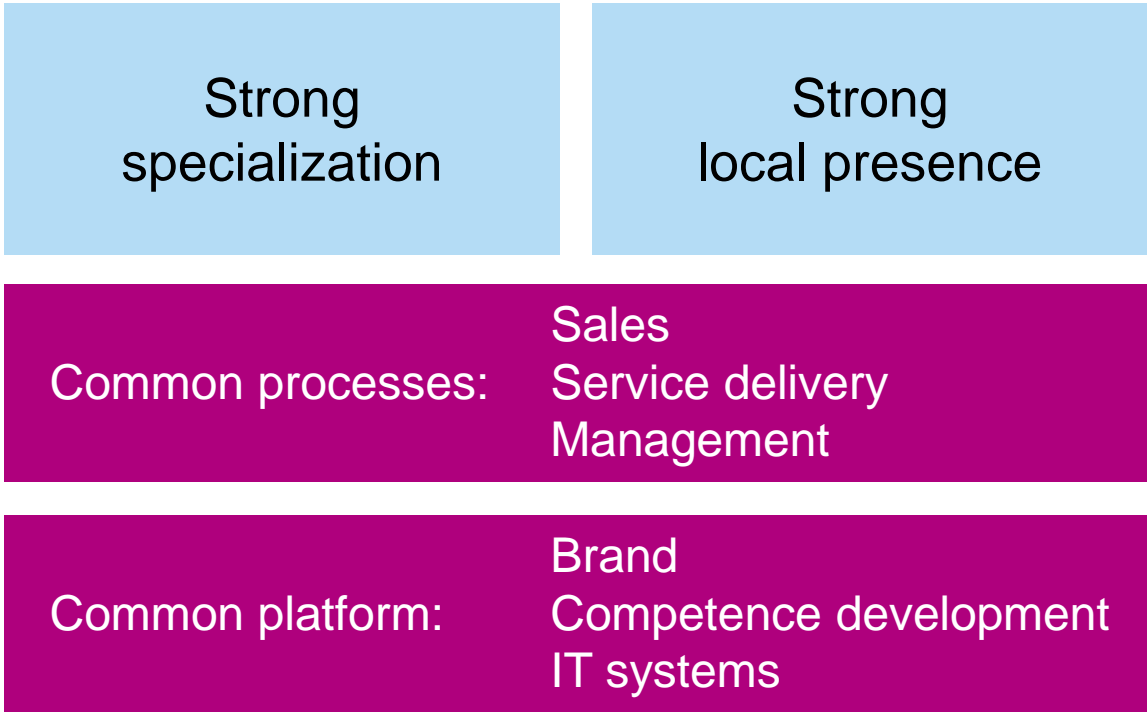
We fight for the right that every person should have the information that makes his/her work effective and inspiring

## 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



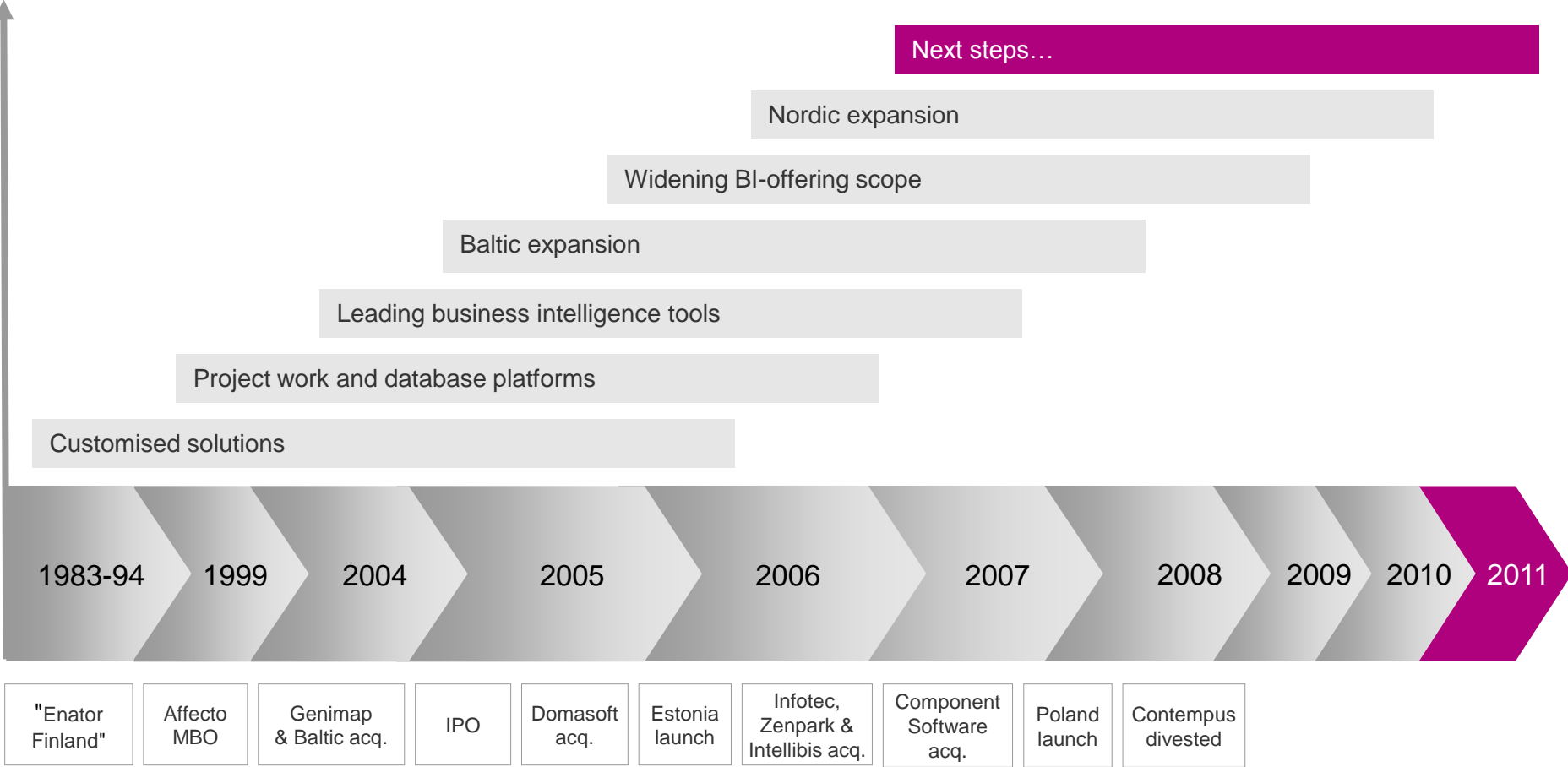
## Long-term financial targets

- 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

# 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, stable in 2011
- 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

