

# Interim report 1-3/2008

6 May 2008

CEO Pekka Eloholma

# 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.

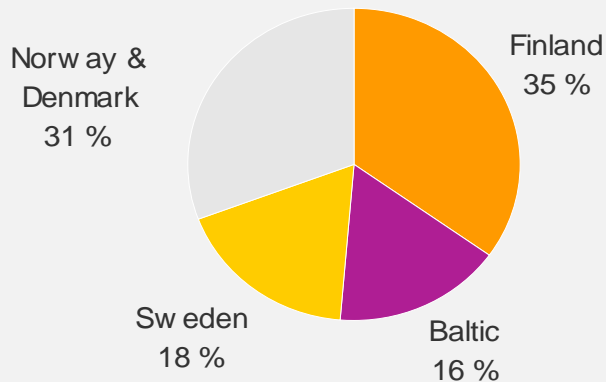
These statements involve certain risks and uncertainties, which are difficult to predict, and therefore actual future results and trends may differ materially from what is forecast in forward-looking statements. Affecto undertakes to update such statements with respect to new information and future events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

# Affecto:

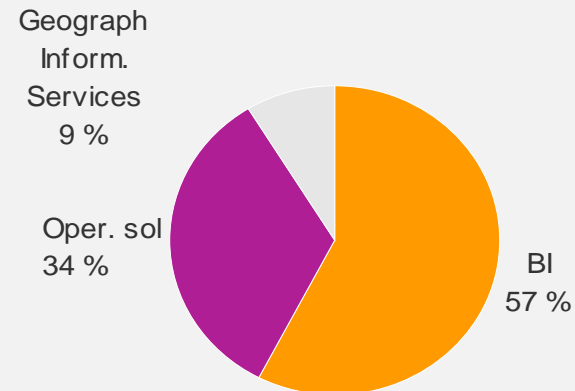
## Leading BI solution provider in Nordic & Baltics

- Net sales: approx. 97 M€ in 2007
  - Pro forma 127 M€
- Over 1100 employees

Sales per region – Q1/08



Sales per segment – Q1/08



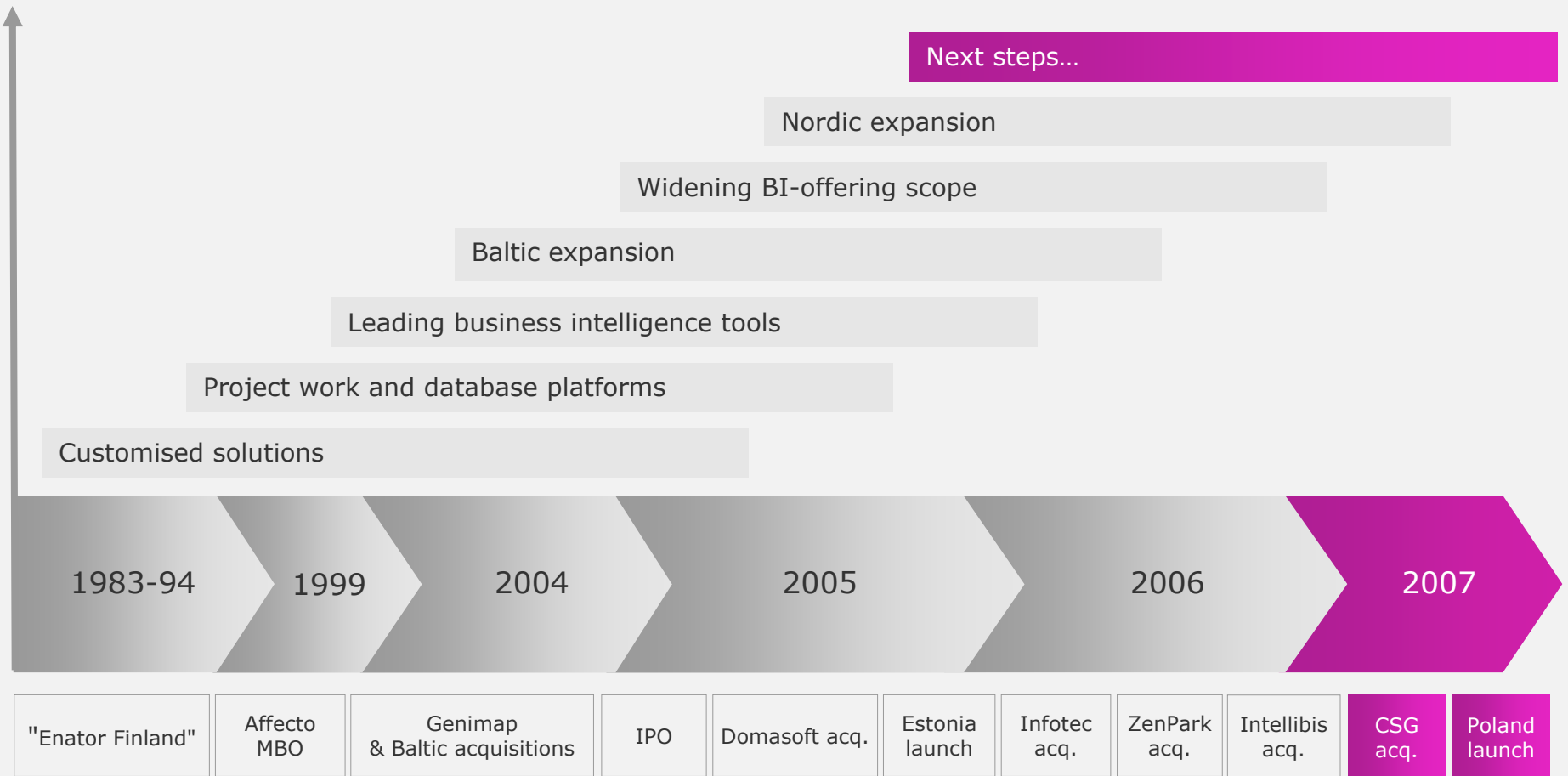
# Vision 2009

- Affecto is
  - the leading Business Intelligence (BI) solution provider in the Nordic, Baltic and CEE regions
  - the most competent and quality focused GIS, ECM & operational solutions provider in selected industries & regions
- Affecto is the best investment for its stakeholders
  - Employees: best added value for her/his competence and market value
  - Customers: first-class solutions and services, based on deep understanding of the customer needs
  - Investors: solid shareholder value creation

# Financial targets: Profitable growth

- Profitable and sustainable growth is the key element in our strategy
- Financial targets 2009
  - Net Sales: exceeding 160 MEUR in 2009
  - Profitability: one of the highest in our segment
- 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

# Growth strategy continues



# Strategy

## Business Intelligence

- Enhancing customer benefits from existing ERP systems
- Leading position in a fast growing business segment
- Deep business understanding and world-class technologies

## Operational solutions

- ECM, GIS & operational applications
- Experience in system development and application integration
- Worldwide competence on selected industries (insurance)

## Baltic

- Strong market growth in IT services
- Expanding to other CEE countries
- Nearshoring services for the Nordic region

## Employees

- Personal development
- Inspiring leadership
- Competitive incentive system

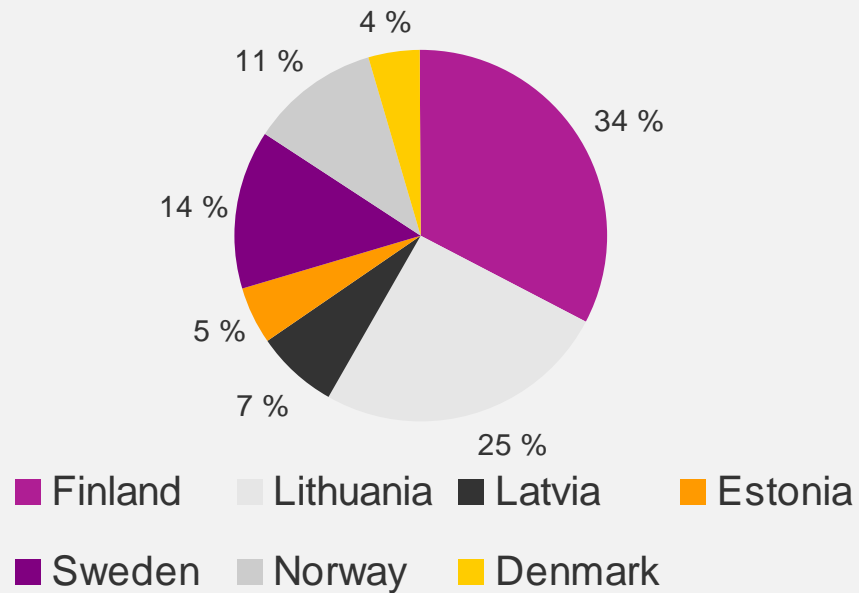
# How hot is BI as a topic?

- Gartner in March 2008: Global BI license market growth 11% in 2008, to continue at 8 % annual growth until 2012
  - CIOs see investments into BI growing more rapidly than investments into other IT needs (Gartner 2007)
- IDC estimates that global BI market grew by over 11% in 2006, expects 9% annual growth until 2011
- Datamonitor expects global BI market to grow by 12% annually and to double in size by 2012
  
- SAP has acquired Business Objects
- IBM has acquired Cognos
  
- Scope of "Business Intelligence" in widening

# Resources



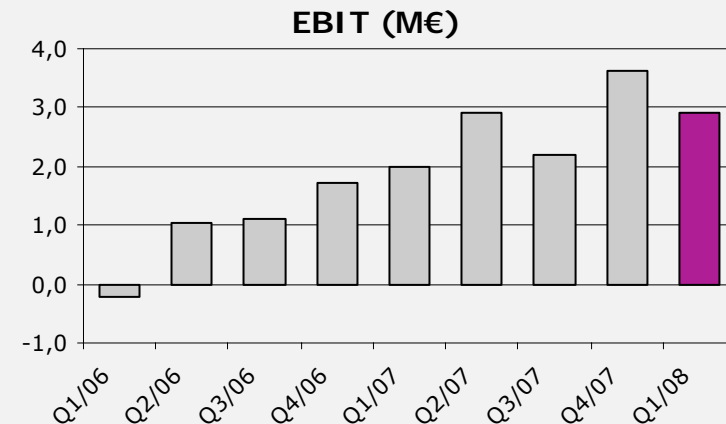
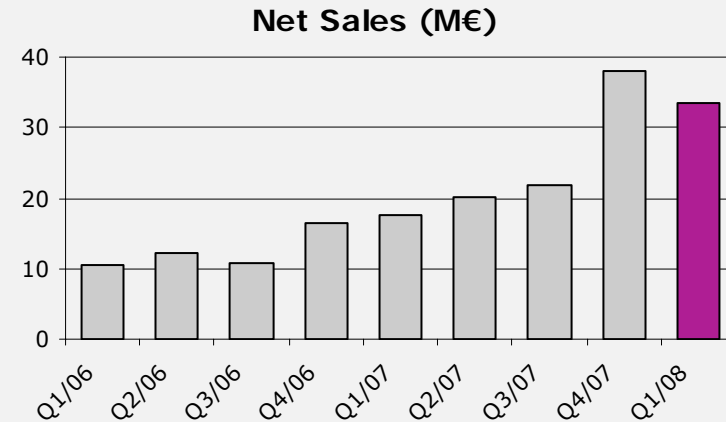
Personnel by country (Q1/08)



- Approx. 1140 employees
  - 370 in Finland
  - 430 in Baltic countries
  - 340 in Scandinavia

# Overview to Q1/2008

- Net sales 33.6 M€ (17.6 M€)
  - Growth 91%
  - Strong organic growth: 16%
  - Good organic growth in Finland and Baltic
- EBIT 2.9 M€ (2.0 M€)
  - Normal Q1 quarter
  - Margin approx. 9%
    - EBITA margin 11%
  - Healthy business in all countries
  - Improvements in Finland
  - More normal profitability in Baltic



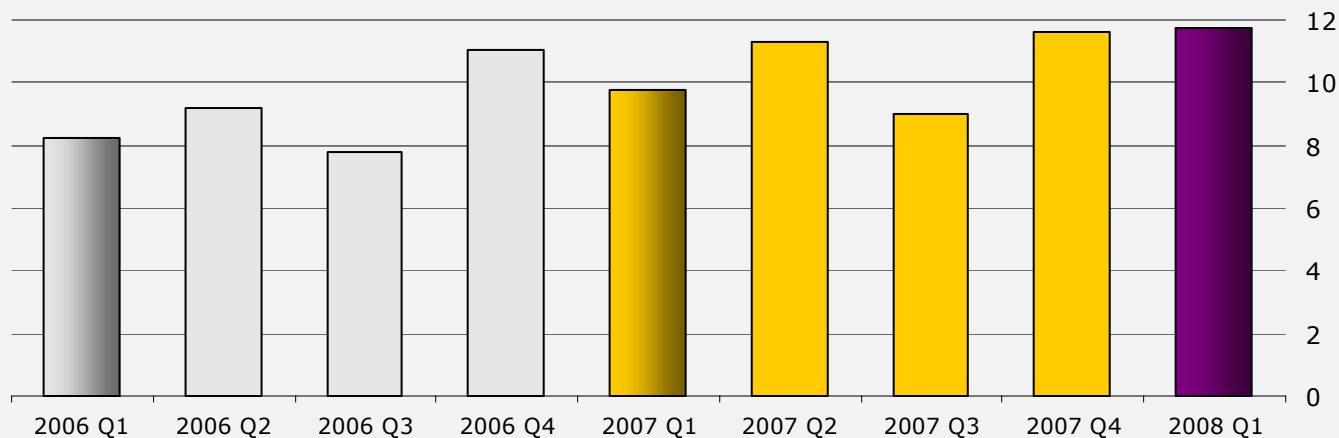
# Geographical segments & business areas



	BI	Operational Solutions	Geographic Information Services
Finland	Large purple circle	Large pink circle	Small pink circle
Baltic	Small pink circle	Large purple circle	
Sweden	Large purple circle		
Norway & Denmark	Large purple circle	Small pink circle	

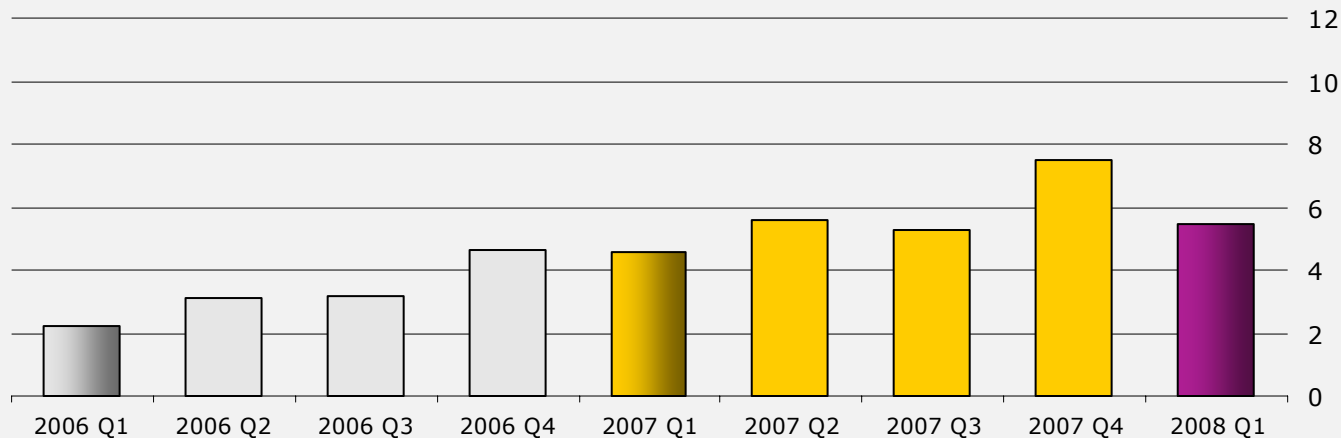
# Business areas - Finland

- Net sales 11.7 M€ (9.8 M€), EBIT 1.9 M€ (0.9 M€)
  - Growth 20%, all-time-highest quarter (sales and EBIT)
  - Good BI growth
  - EBIT margin 16%
  - Improved profitability in Geographic Information Services
- Business trends continuing
  - Increasing demand for BI solutions
  - Good demand for application integration services



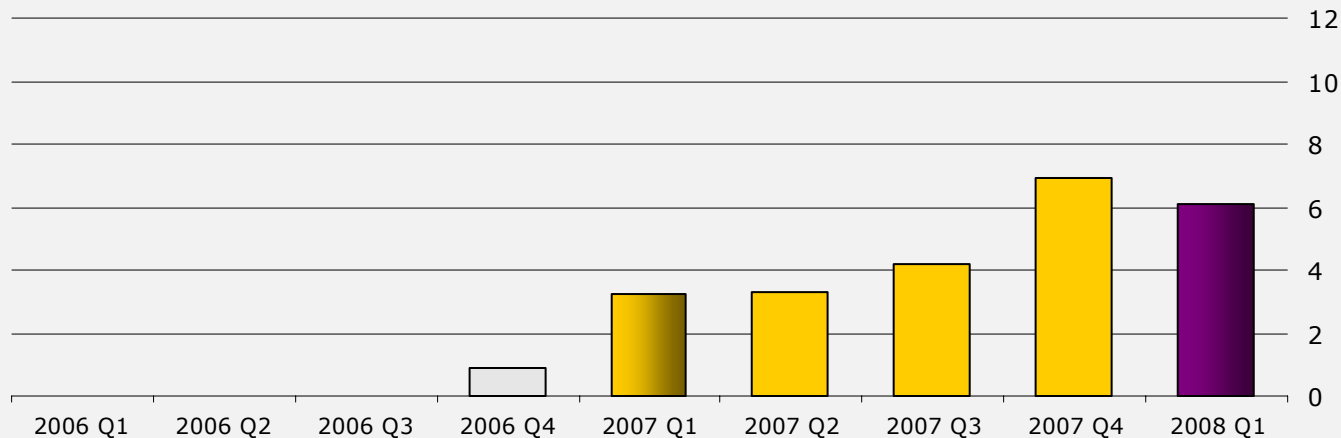
# Business areas - Baltic

- Normal quarter
- Net sales 5.5 M€ (4.6 M€), EBIT 0.7 M€ (1.0 M€)
  - Growth 20% compared with Q1/07
  - Profitability on a more normal level after exceptionally good year 2007
  - One-off costs in Latvia ~0.1 MEUR
- Long-term projects providing basis for stable utilization
- General inflation and wage inflation



# Business areas - Sweden

- Sales grew to approx. 6.1 M€
  - Price development has been slightly positive
  - Utilization rate has remained high
- Operational EBITA was 0.7 M€ (11%)
  - Reported EBIT includes 0.3 M€ IFRS3 depreciation  
→ Reported EBIT was 0.4 M€ (7%)
- Integration of CSG operations to Affecto finalized
  - Moving to same premises, adoption of Affecto brand
  - Cost impact in Q1 approx 0.2 M€



# Business areas - Norway & Denmark

- Net sales approx. 10.3 M€
- Normal Q1 quarter, not a major license sales quarter
- Operational EBITA was 0.7 M€ (7%)
  - IFRS3 depreciation 0.3 M€
  - Reported EBIT was 0.4 M€ (4%)
- Consultancy services grew well compared to last year



# Segment comparison Q1/2008

## Net Sales

Segment	1-3/08	1-3/07	Growth	2007
Finland	11 749	9 754	20 %	41 707
Baltic	5 487	4 570	20 %	22 918
Sweden	6 090	3 250	87 %	17 654
Norway & Denmark	10 273	0		15 195
Eliminations	0	2		0
<b>Total</b>	<b>33 599</b>	<b>17 576</b>	<b>91 %</b>	<b>97 474</b>

Segment	1-3/08	1-3/07	Growth	2007
BI	19 357	7 416	161 %	48 093
Operational Sol.	11 289	8 276	36 %	39 900
Cartographic Sol.	2 953	1 882	57 %	9 481
Eliminations	0	2		0
<b>Total</b>	<b>33 599</b>	<b>17 576</b>		<b>97 474</b>

## EBIT

Segment	1-3/08	Margin	1-3/07	Margin	2007	Margin
Finland	1 920	16 %	933	10 %	4 406	11 %
Baltic	733	13 %	1 046	23 %	5 390	24 %
Sweden	420	7 %	398	12 %	1 468	8 %
Norway & Denmark	400	4 %	0		1 199	8 %
Group manag.	-566		-371		-1 705	
<b>Total</b>	<b>2 907</b>	<b>9 %</b>	<b>2 006</b>	<b>11 %</b>	<b>10 758</b>	<b>11 %</b>

- Good organic growth in Finland and Baltic
- Organic growth in BI boosted by CSG acquisition
- Good EBIT margin in Finland
- Lower EBIT margin in Baltic

# Income statement Q1/2008

(1 000 EUR)	1-3/08	1-3/07	2007
Net sales	33 599	17 576	97 474
Other operating income	203	0	80
Changes in inventories of finished goods and work in progress	66	173	109
Materials and services	-6 020	-2 689	-19 851
Personnel expenses	-18 636	-9 518	-48 635
IFRS3 Depreciation	-719	-361	-2 536
Other depreciation, amortization and impairment charges	-414	-275	-1 231
Other operating expenses	-5 171	-2 900	-14 651
Operating result	2 907	2 006	10 758
Finance costs (net)	-867	-147	-1 300
Result before income tax	2 040	1 860	9 458
Income tax	-530	-422	-2 477
Minority interest	0	0	0
Result for the period for equity holders of the company	1 510	1 438	6 981
EPS (eur/share)	0.07	0.08	0.38

- Normal deprec. 0.4 M€ in Q1
  - Capex 0.8 M€
- Acquisition related IFRS depreciation 0.7 M€ (0.4 M€)
  - 2.9 M€ in whole year 2008
  - 2.8 M€ in 2009
- Higher finance costs due to CSG acquisition
  - Impact from interest-rate swap

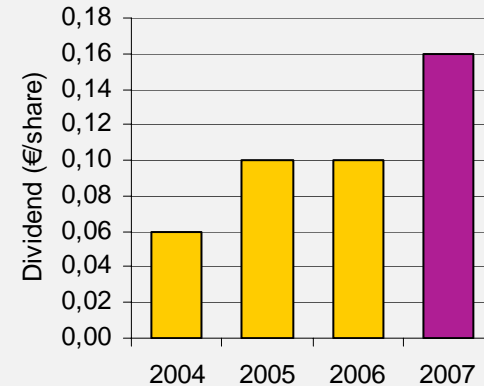
# Balance sheet

(1 000 EUR)	3/2008	12/2007
Tangible assets	2 255	1 939
Goodwill	83 629	84 196
Other intangible assets	17 401	18 249
Other long-term assets	2 500	2 551
<b>Non-current assets</b>	<b>105 785</b>	<b>106 936</b>
Inventories and receivables	36 521	40 823
Restricted cash	645	659
Cash and cash equivalents	10 530	12 974
<b>Current assets</b>	<b>47 697</b>	<b>54 455</b>
Assets held for sale	679	679
<b>Total assets</b>	<b>154 161</b>	<b>162 070</b>
Equity for shareholders	60 526	62 964
Minority interest	0	0
Non-current liabilities	49 484	49 597
Current liabilities	44 151	49 510
<b>Total equity and liabilities</b>	<b>154 161</b>	<b>162 070</b>

- No major changes since 31.12.2007
- Interest-bearing net debt 36.3 M€ (33.9 M€ 12/07)
  - Intellibis earn-out paid
  - Dividend as non-interest bearing debt
- Gearing 60% (54%)
- Equity ratio 42% (42%)

# Key decisions of Annual General Meeting 2008

- Date: 31 March 2008
- Dividend: 0.16 eur/share
  - Last year 0.10 eur/share
  - Paid in April
- Board members
  - Aaro Cantell (chairman), Pyry Lautsuo, Heikki Lehmusto, Esko Rytönen, Haakon Skaarer
  - All were already board members
- Option program 2008
  - 1.05 million options in three tranches
  - 3 years vesting periods



# Ownership structure - 30 April 2008

<u>Owner</u>	<u>%</u>
Cantell Oy	5,7 %
Mika Laine	5,6 %
Arendals Fossekompagni ASA*	5,5 %
Nordea Nordic Small Cap	4,7 %
Ilmarinen	3,9 %
Lovika Invest AB	3,3 %
Mandatum Suomi Kasvuosake	2,9 %
Eläke-Fennia	2,8 %
ABN AMRO Finland	2,7 %
OP-Suomi Pienyhtiöt	2,5 %
Other shareholders	60,2 %
Treasury shares	0,2 %
<hr/> Total	<hr/> 100,0 %

\*) Based on flagging announcement  
(Aug '07)

- 21.5 million shares in total

## Flaggings in 2007

- M.Laine exceeded 5% in October
- Chairman Aaro Cantell exceeded 5% in December

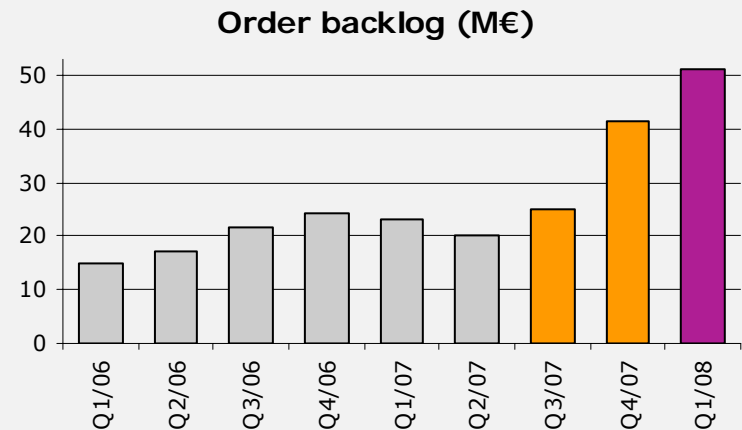
# Outlook

# Market environment

- Nordic: forecasts for general IT services growth 4-5%, demand for BI solutions are forecast to grow more rapidly
  - Good activity among customers
  - Sweden has the most uncertain general atmosphere of our markets
- Baltic: more moderate GDP growth
  - Forecasts say that GDP growth in Lithuania and Latvia (6%) will exceed growth in Estonia (4%) in 2008
  - Inflation has risen in all three countries (>8%)
    - Wage inflation is even higher
  - EITO forecasts over 10% IT service growth

# Outlook

- Order backlog 51 M€
  - Good growth during last two quarters
  - Longer duration in Baltic than in other parts of group



- Office in Vilnius was sold in April → 0.6 capital gain in Q2
- Positive development is expected to continue during year 2008, but the effects of the global economic developments on Affecto's business environment are hard to estimate. The company seeks to reach net sales of approx. 140 MEUR in 2008. The profitability (EBIT margin) of the whole year 2008 is expected not to materially change from 2007

# Affecto's largest customers in 2007

