

# Digia Oyj

**Interim Report 1-12/2009**

4.2.2010

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CEO



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# Summary 1-12/2009



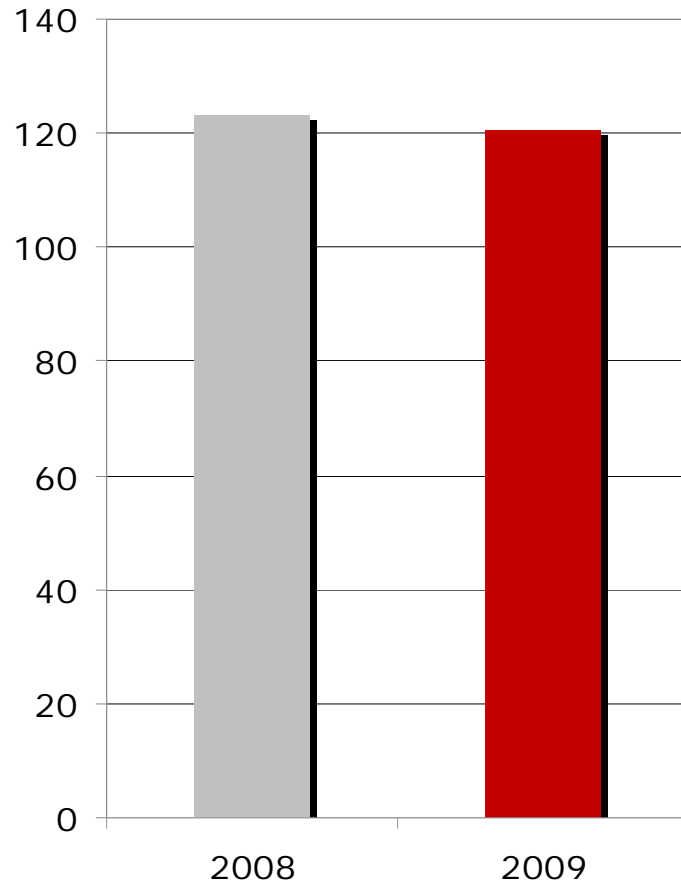
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# Summary 1-12/2009

- Net sales declined slightly
  - Consolidated net sales EUR 120.3 million, down 2.3 per cent (EUR 123.2 million)
- Write down of goodwill attributable to Mobile Solutions –segment in the amount of EUR 23.8 million in December
- Consolidation of site network by close down of the sites in Turku, Vaasa, Kuopio and Lahti
  - 46 employments terminated
  - One-off items in the amount of EUR 0.9 million allocated to Q4
- Operating profit negative by EUR -7.8 million (EUR 13.4 million)
- Operating profit before one-off items increased considerably and on a good level
  - Profitability (EBIT-%) 14.1 per cent (10.9%)
  - EPS increased to EUR 0.53, up 47.2 per cent (EUR 0.36)

# Net sales 1-12/2009

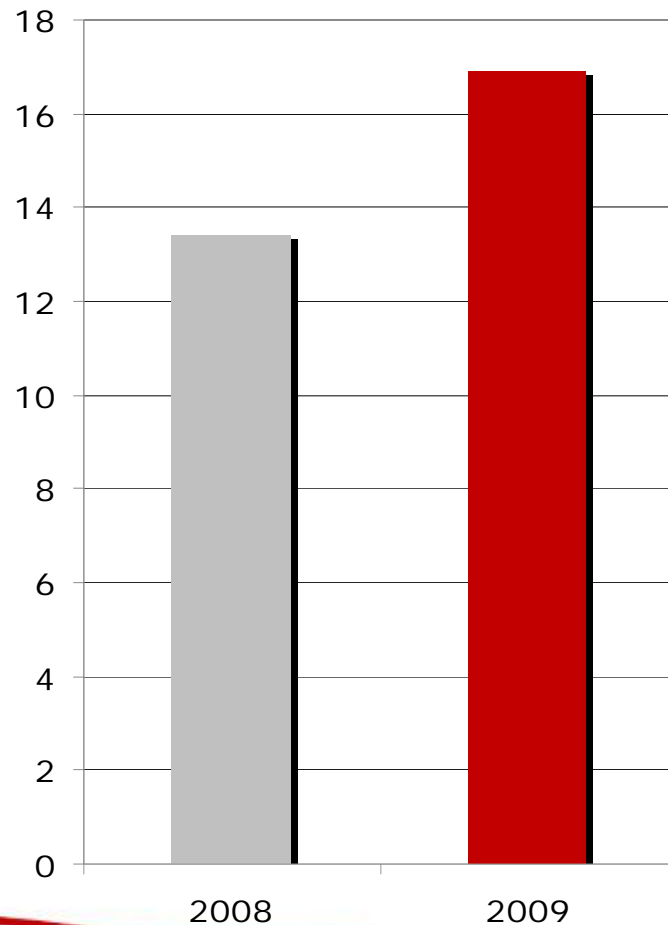
*Net Sales, EUR million*



	1-12/ 2009	1-12/ 2008
Mobile Solutions	<b>49.5</b>	53.4
Enterprise Solutions	<b>70.8</b>	69.8
<b>Digia Group</b>	<b>120.3</b>	123.2

# Operative profitability 1-12/2009

*Profitability (EBIT), EUR million*



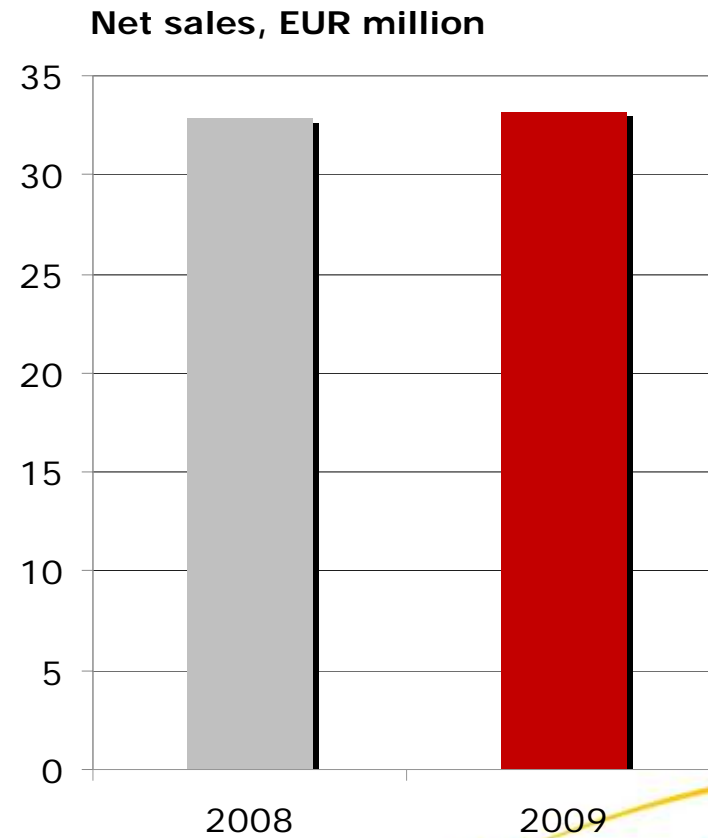
	1-12/ 2009	1-12/ 2008
Mobile Solutions	4.6	4.6
Enterprise Solutions	12.3	8.8
<b>Digia Group</b>	<b>16.9</b>	13.4

# Summary 10-12/2009

- Net sales increased slightly
  - Consolidated net sales EUR 33.2 million, up 1.3 per cent (EUR 32.8 million)
- Operating profit negative by EUR -19.3 million due to one-off items
  - Write down of goodwill relating to Mobile Solutions –segment in the amount of EUR 23.8 million
  - Cooperation negotiations relating to consolidation of site network completed, cost effect EUR 0,9 million
- Operating profit before one-off items was Digia's all time best EUR 5.4 million (EUR 2.9 million), up 85.1 per cent
  - Profitability (EBIT-%) 16.3 per cent (8.9%)
  - EPS EUR 0.18 (EUR 0.07)

# Net sales 10-12/2009

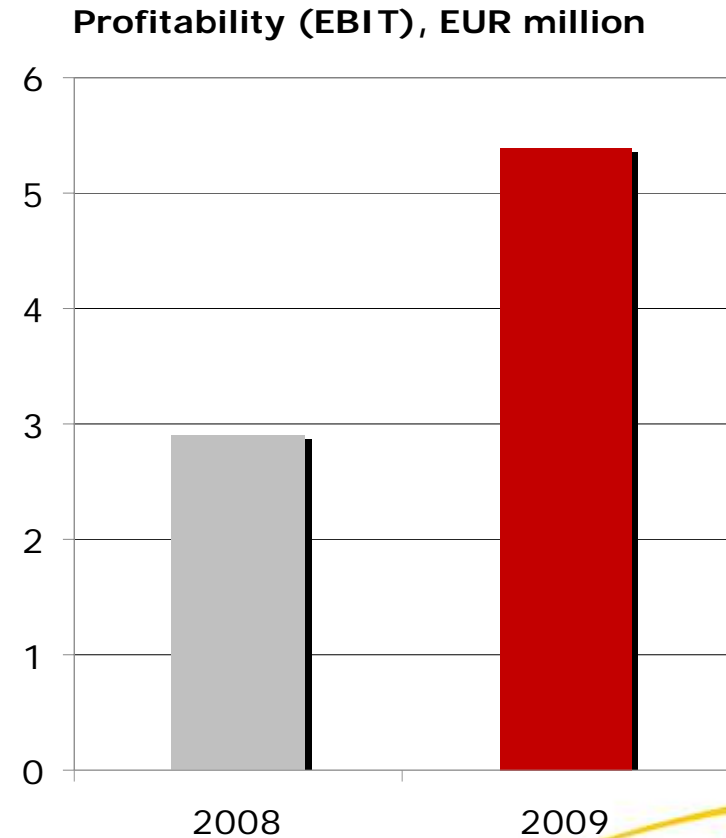
	10-12/ 2009	10-12/ 2008
Mobile Solutions	14.0	13.9
Enterprise Solutions	19.2	18.9
<b>Digia Group</b>	<b>33.2</b>	32.8



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# Operative profitability 10-12/2009

	10-12/ 2009	10-12/ 2008
Mobile Solutions	1.9	-0.2
Enterprise Solutions	3.5	3.1
<b>Digia Group</b>	<b>5.4</b>	<b>2.9</b>





# Credit facility

- Company has in February agreed on a new EUR 50 million credit facility of 3-years term, by which the current loans will be repaid in their entirety
- Credit facility covers a bank-financed package of EUR 42 million (Pohjola, Nordea ja Varma) and re-borrowing of employee pension contributions totalling EUR 8 million
- One of Company's main targets has been to bolster its balance sheet by decreasing indebtedness
  - During reporting period the Company has repaid its interest-bearing liabilities in aggregate by EUR 26.3 million
  - After the repayments the Company's debts amount currently to a total of EUR 29 million

# Markets and Digia's business



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# Markets and Digia's business

- Business succeeded well during the reporting period in the prevailing circumstances
  - Good operative profitability and strong positive cash flow maintained
  - Repayment of loans by a total of EUR 26.3 million during the reporting period
- Market situation looks slightly better
  - Company estimates that the IT-market will see moderate growth during 2010
  - Company's business in good shape, good basis for growth at least corresponding to the market and maintaining good operative profitability
- Business in China has grown fast
  - Personnel and business in China have grown and customer projects have progressed in line with plans
  - Fastest recruitment pace over at least for time being

# Markets and Digia's business

- Demand and profitability of the Mobile Solutions business behind the expectations
  - Business burdened by the ongoing structural changes in the business environment and increasing price competition
  - Company has developed expertise in new technology platforms
  - Q4 result exceeded expectations
- Enterprise Solutions business grew slightly and has improved its profitability significantly (+38.4%) by developing project business and raising the utilization rate
  - Pipeline has grown for operative information systems

Write down of goodwill



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# Summary

- Digia's Board decided in December on a goodwill write-down amounting to EUR 23.8 million relating to company's Mobile Solutions –segment
- Write-down is based on the company's changed view on the risks relating to the Mobile Solutions –business on a long term perspective
- Assumptions used in the impairment tests updated
  - Annual growth of Net Sales: 0 % (3%)
  - EBIT: 9% in 2010 and 8% from 2011 onwards (10%)
  - Discount rate: 14.7% (11.2%)
- As a result of the write down and loan repayments the company's balance sheet structure has lightened considerably



Consolidation of office  
network and  
cooperation  
negotiations related  
thereto



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# Summary

- Digia executed measures to increase its organisational efficiency by consolidating its network of business locations to better meet the market demand
- Sites in Kuopio, Turku, Lahti and Vaasa closed down
- Co-operation negotiations completed. Negotiations affected a total of 110 employees on the closed sites and in Pori
- All employees working at the closed sites were offered positions at company's other sites
- Finally 38 employments were terminated at the closed sites. In addition 8 employments were terminated in Pori in service areas affected by a permanent decline in demand
- In addition, the company closed the site in Yaroslavl/Russia, which employed a total of nine employees
- Said measures caused a reservation of EUR 0.9 million to be made regarding Q4



# Outlook and Targets for 2010



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# Outlook and Targets for 2010

- Digia estimates that IT-market will see moderate growth during 2010
- Digia will invest heavily on facilitating growth and expects its own net sales to grow at least corresponding to the market
- Digia expects to be able to maintain its good profitability of its operative business also during 2010
- In addition to looking after the good operative profitability level Digia will aim at maintaining strong positive cash flow
- Moderate internationalisation will continue as Digia will actively search for possibilities to develop its product business

Thank you!

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[www.digia.com](http://www.digia.com)

The Digia logo is located in the bottom left corner of the slide. It consists of the word "digia" in a white, lowercase, sans-serif font, set against a dark red background. The background of the slide features a decorative pattern of overlapping, wavy lines in shades of red, orange, and yellow, creating a sense of movement and energy.

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