

Digia Plc

Interim Report 1-3/2011

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Juha Varelius
CEO



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Q1 Summary



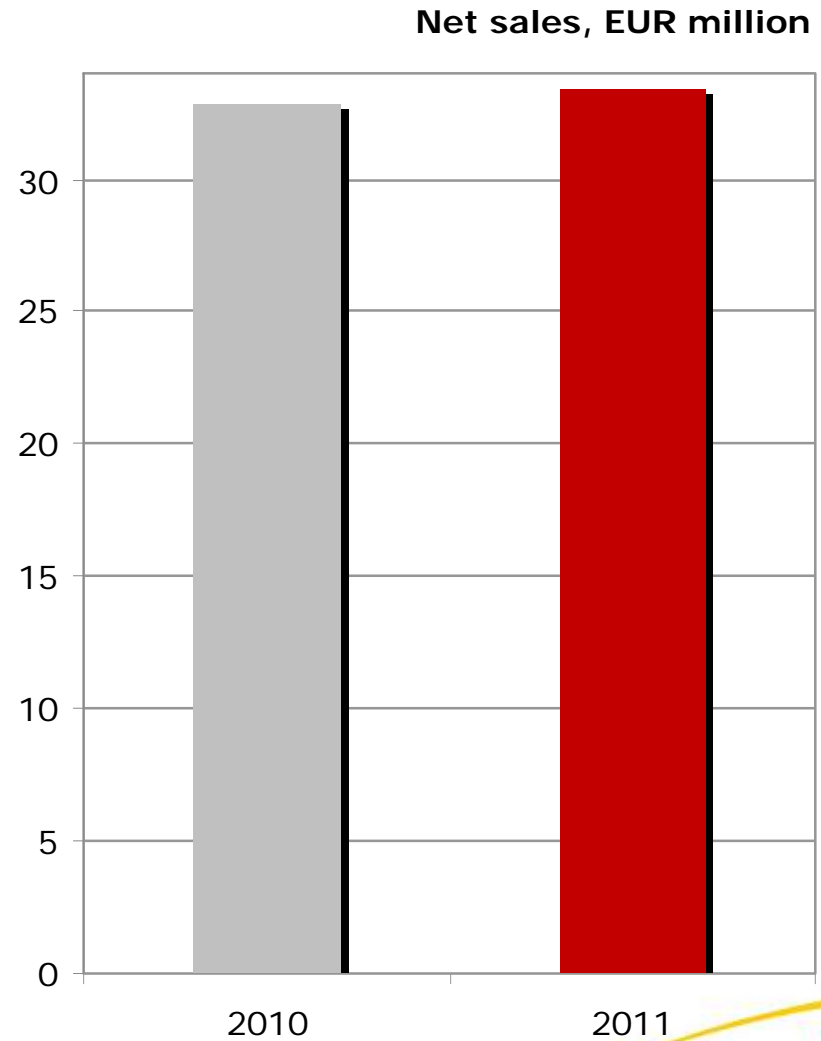
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Q1 Summary

- Net sales increased by 1.6 per cent
 - Consolidated net sales EUR 33.4 (32.8) million
- Operating profit decreased considerably
 - Operating profit EUR 2.3 (4.7) million
 - Probitability (EBIT-%) 6.8 (14.0) per cent
- Earnings per share EUR 0.07 (EUR 0.14)

Q1/2011 Net sales

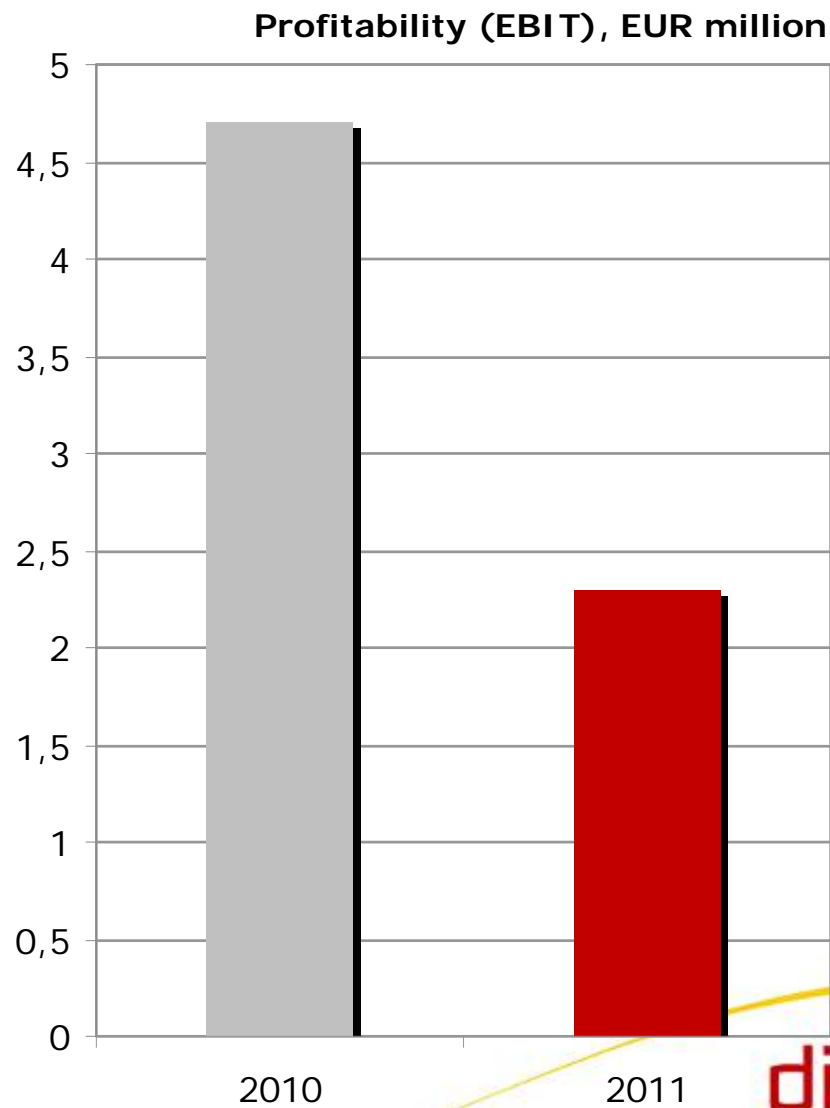
	1-3/ 2011	1-3/ 2010
Mobile Solutions	13.9	13.5
Enterprise Solutions	19.5	19.4
Digia Group	33.4	32.8



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Q1/2011 Profitability

	1-3/ 2011	1-3/ 2010
Mobile Solutions	0.5	1.9
Enterprise Solutions	1.8	2.8
Digia Group	2.3	4.7



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Markets and Digia's business



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Markets and Digia's business

- Nokia's new strategy changed Company's business environment
 - Especially new sales slow already before launch of the new strategy
 - Rapid effects in line with the strategy already soon after its launch
- Revenue growth targets not fulfilled
 - Despite increased challenges the Company managed to achieve moderate increase in revenues in both its business segments
- Mobile Solutions -segment profitability was poor (3.7 %)
 - Company was unable to provide work for the recruited new employees in the planned extent
 - Salary costs burdened profitability

Markets and Digia's business

- Also Enterprise Solutions –segment profitability was below its usual good level
 - Demand for solutions for Digital business-, ERP- and customer experience management still on good level
 - License sales below expected which burdened profitability
 - Company will systematically develop the operation of the units in China and Russia to form a seamless part of Company's service concept
 - Business of the Russian unit developed as planned
 - Nokia's new strategy is expected to have reflections to the business of the China unit; activities to be moved from MS to ES area

Co-operation procedure relating to Pori site

- In order to adapt its cost structure to the new market conditions, the company initiated in March co-operation negotiations for the closure of its Pori unit.
- The negotiations were concluded and a decision to close-down Pori was made on 20 April 2011.
- Negotiations concerned initially 85 employees, of which 63 ended-up being laid-off
- Downsizing is estimated to cause one-off expenses in the amount of EUR 1.1 million, to be entered into the accounts during the second quarter of 2011.

Acquisition of Qt business from Nokia

- On 22 March 2011 came into affect an agreement with Nokia concerning acquisition of commercial Qt-licensing and service operations
- Along with said deal a total 19 employees in USA and Norway and some 3500 customer accounts were transferred to the Company
- The deal supports Digia's strategic aim of increasing net sales within its international product business
- Start of the acquired business has gone smoothly and Digia will seek to expand and develop the acquired product business
- The deal carries an acquisition cost of EUR 0.8 million
- The deal is expected to contribute EUR 5–8 million to the net sales of Enterprise Solutions during 2011
- The deal is expected to have a neutral impact on overall profit for 2011, despite the negative impact of the related start-up costs during Q2/2011

Outlook for 2011



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Outlook for 2011

- Market outlook twofold
 - Company estimates that IT-market will see moderate growth during 2011
 - Reasonable demand for Enterprise Solutions –segment services, which are expected to grow at least corresponding to the market
 - Mobile Solutions –segment revenues will decline from last year along with Nokia account
- Mobile Solutions –segment profitability is expected to decline from last year despite the cost savings to be gained from streamlining measures
- Enterprise Solutions –segment profitability is expected to return to its normal good level during the remaining of the year

Outlook for 2011

- Company will continue investing to development of international product business
- Remarkable uncertainty around Nokia account still continues, which makes it difficult to make any reliable estimations on the development of the business

Thank you!

juha.varelius@digia.com

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 entire slide features a series of overlapping, wavy lines in shades of red, orange, and yellow, creating a dynamic, abstract pattern.

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