

Digia Plc

Interim Report 1-6/2011
11 August 2011

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CEO

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Summary



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Summary 1-6/2011

- Net sales decreased by 3.1 per cent
 - Consolidated net sales EUR 65.7 (67.8) million
- Operating profit negative due to one-off items
 - Operating profit EUR -25.6 (9.5) million
 - One-off items are recognized in Q2 and include a restructuring provision of EUR 3.2 million related to the closure of offices and a writedown of EUR 25.4 million for customer relationships and goodwill
- Operating profit before one-off items decreased considerably
 - Was EUR 2.9 (9.5) million
 - Decrease was due to decreased service demand following Nokia's new strategy and expenses of overcapacity of personnel resources and, on the other hand, due to decreased license sales and higher operating expenses (recruitments and Qt starting expenses) in ES-segment

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Summary 1-6/2011

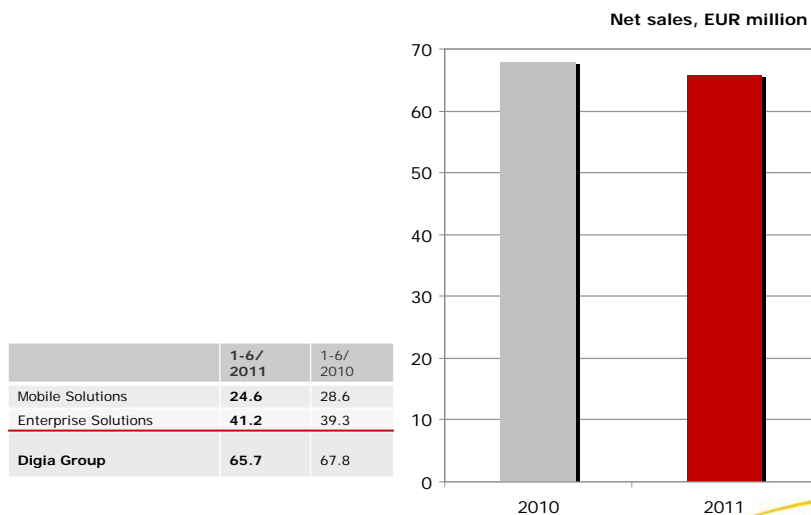
- Operative profitability (EBIT-%) 4.4 (13.9) per cent
- Earnings per share before one-off items EUR 0.12 (EUR 0.30)
- Two co-operation negotiations conducted during the review period
 - Sites in Pori and Lappeenranta closed
 - Maximum of 244 employees will be laid-off by the end of 2011
- Qt-business purchased from Nokia has started well as a part of Digia's ES-segment

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1-6/2011 Net sales

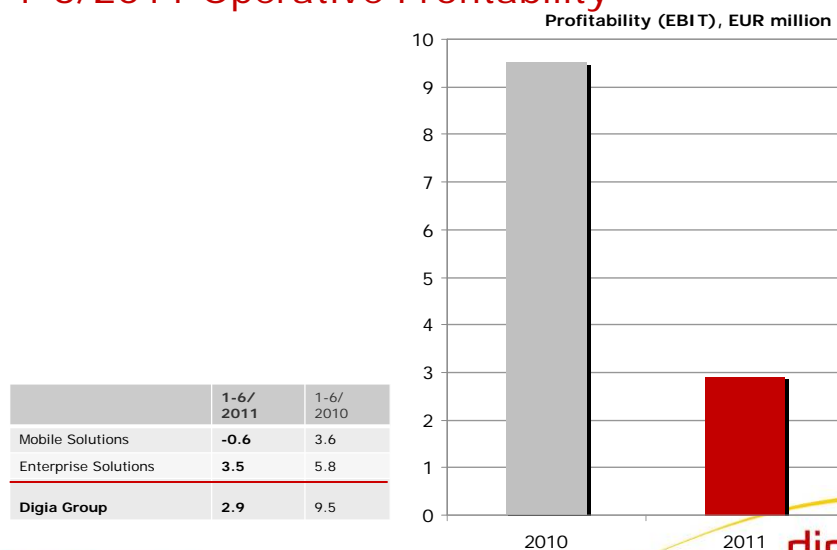


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1-6/2011 Operative Profitability



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Summary 4–6/2011

- Net sales decreased
 - Consolidated net sales EUR 32.4 (35.0) million, down 7.6 per cent
 - Decrease was due to strong decline of service demand in Mobile Solutions -segment (-29.2 % vs. Q2/2010)
 - Net sales in Enterprise Solutions -segment increased by 8.8 per cent
- Operating profit negative due to one-off items
 - Was EUR -27.9 (4.8) million
- Operating profit before one-off items EUR 0.6 million
- ES-segment profitability returned to good level during Q2
 - ES-segment Q2 profitability (EBIT-%) 7.9 per cent
 - Excluding Qt business involving extraordinary start-up expenses, profitability (EBIT %) was 10.2 per cent

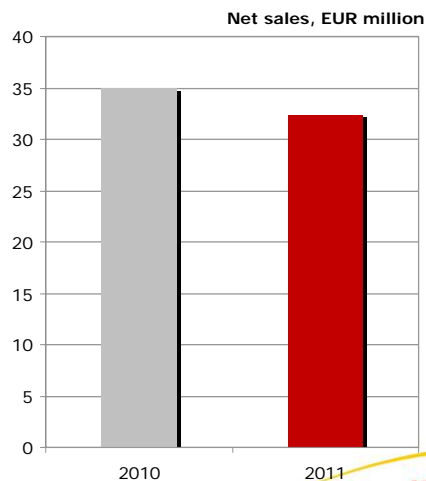
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Net sales 4-6/2011

	4-6/ 2011	4-6/ 2010
Mobile Solutions	10.7	15.1
Enterprise Solutions	21.7	19.9
Digia Group	32.4	35.0

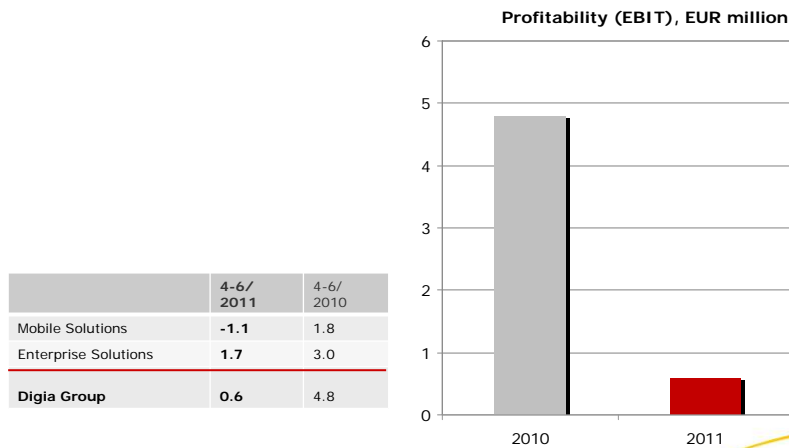


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Operative Profitability 4-6/2011



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Goodwill write-down and new co-operation negotiations

- Digia's Board has on 10 August 2011 decided to make a one-off EUR 25.4 million write-down of customer relationships and goodwill in relation to Mobile Solutions -segment
 - Caused by the change in the operating environment of Product Creation Services and therefrom resulting revision of Mobile Solutions -segment future income expectations
 - Company considers that demand for Symbian and Meego related services has reduced markedly and permanently
 - Write-down recognized in Q2
- Digia's Board has on 10 August 2011 decided to start new co-operation negotiations
 - Aim is to complete the adaptation activities in Mobile Solutions -segment
 - The negotiations concern all Mobile Solutions -segment employees in Finland and certain administrative and support functions, in total some 290 employees
 - Reduction need is expected to be a maximum of 190 employees
 - Enterprise Solutions -segment is not affected

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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 significantly and permanently
 - Especially new sales slow already before launch of the new strategy
 - Rapid effects in line with the strategy already soon after its launch
 - Service demand and Mobile Solutions -segment net sales decreased considerably during Q2
 - Company was unable to provide work for the recruited new employees in the planned extent, which led to start of co-operation negotiations
 - Salary costs burdened profitability and caused Mobile Solutions -segment operating profit turning negative by EUR -1.1 (1.8) million in Q2

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Markets and Digia's business

- Also Enterprise Solutions –segment profitability was slightly below its usual level
 - Demand for solutions for Digital business-, ERP- and customer experience management still on fairly good level
 - License sales below expected and increased operating expenses burdened profitability. However, development was positive in Q2
 - Business of the Russian unit developed as planned
 - Changed market situation in Mobile Solutions -segment will have reflections also to the business of the China unit; activities to be moved from Mobile Solutions to Enterprise Solutions area

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Outlook for 2011



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Outlook for 2011

- Uncertainty in the market has increased
 - Despite increased uncertainty Company estimates that IT-market will grow slightly 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 considerably from H1/2011 level 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 remain at the good level reached during Q2

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Outlook for 2011

- Positive net sales development of Qt-business is expected to continue also during the second half of the year and increase its contribution to the development of company's profitability
- Remarkable uncertainty around Nokia account and in the market generally makes it difficult to make any reliable estimations on the development of the business

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Thank you!

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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. This background is part of a larger graphic design featuring several overlapping, wavy lines in shades of red, orange, and yellow that sweep across the bottom of the slide.

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