

Digia Plc

Interim Report 1-9/2011

28 October 2011

Juha Varelius
CEO



digia

Summary



digia

Summary 1-9/2011

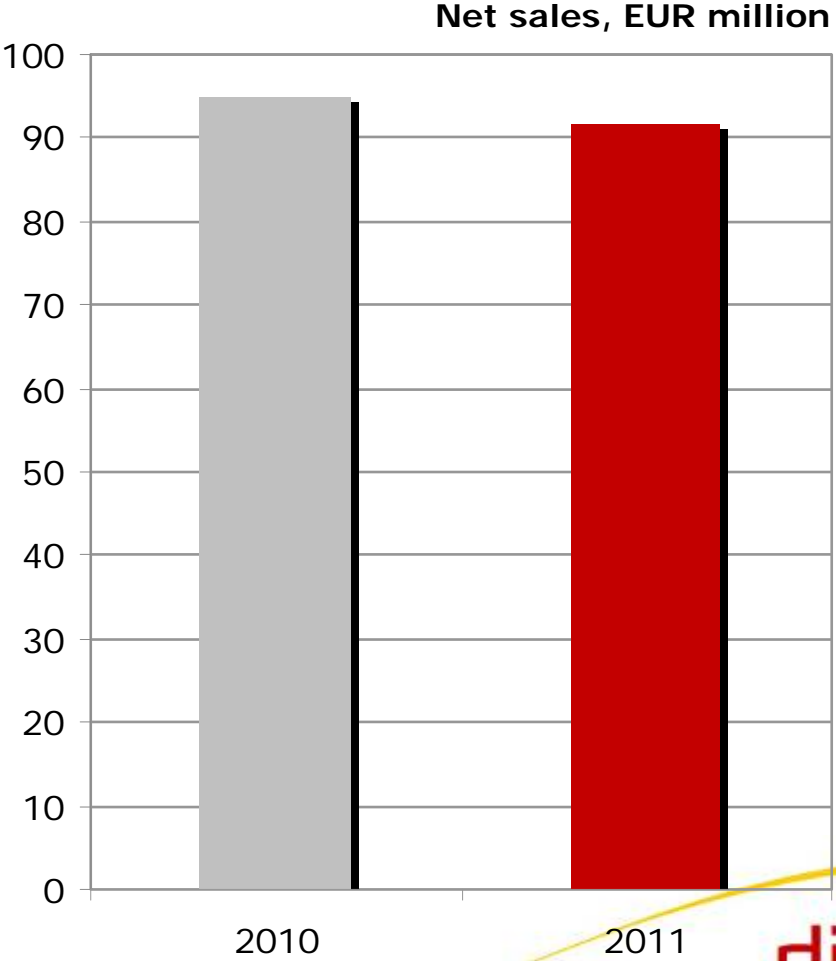
- Net sales decreased by 3.2 per cent
 - Consolidated net sales EUR 91.7 (94.8) million
- Operating profit negative due to one-off items
 - Operating profit EUR -23.6 (12.4) million
 - One-off items include a restructuring provision of EUR 3.8 million and a writedown of EUR 25.4 million for customer relationships and goodwill
- Operating profit before one-off items decreased considerably
 - Was EUR 5.6 (12.4) 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
- Operative probitability (EBIT-%) 6.1 (13.1) per cent
- Earnings per share before one-off items EUR 0.21 (0.40)

Summary 1-9/2011

- Three co-operation negotiations conducted to adapt the Mobile Solutions segment to the changed market situation
 - Sites in Pori and Lappeenranta closed
 - By the end of the year 2011 Digia will downsize a total maximum of 414 employees
- Qt-business purchased from Nokia is running well as a part of Digia's Enterprise Solutions segment

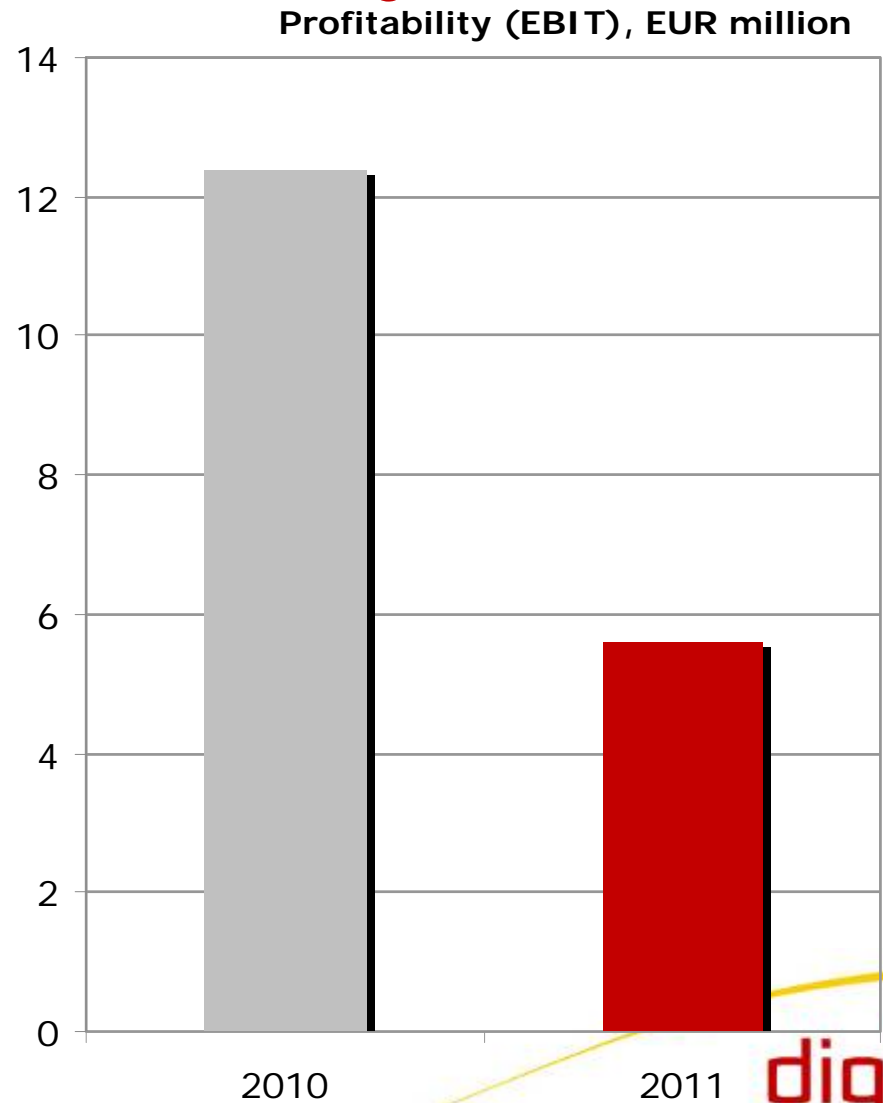
1-9/2011 Net sales

| | 1-9/ 2011 | 1-9/ 2010 |
|----------------------|--------------|--------------|
| Mobile Solutions | 32.0 | 39.9 |
| Enterprise Solutions | 59.7 | 54.9 |
| Digia Group | 91.7 | 94.8 |



1-9/2011 Operative Profitability

| | 1-9/ 2011 | 1-9/ 2010 |
|----------------------|--------------|--------------|
| Mobile Solutions | -0.5 | 4.2 |
| Enterprise Solutions | 6.1 | 8.2 |
| Digia Group | 5.6 | 12.4 |

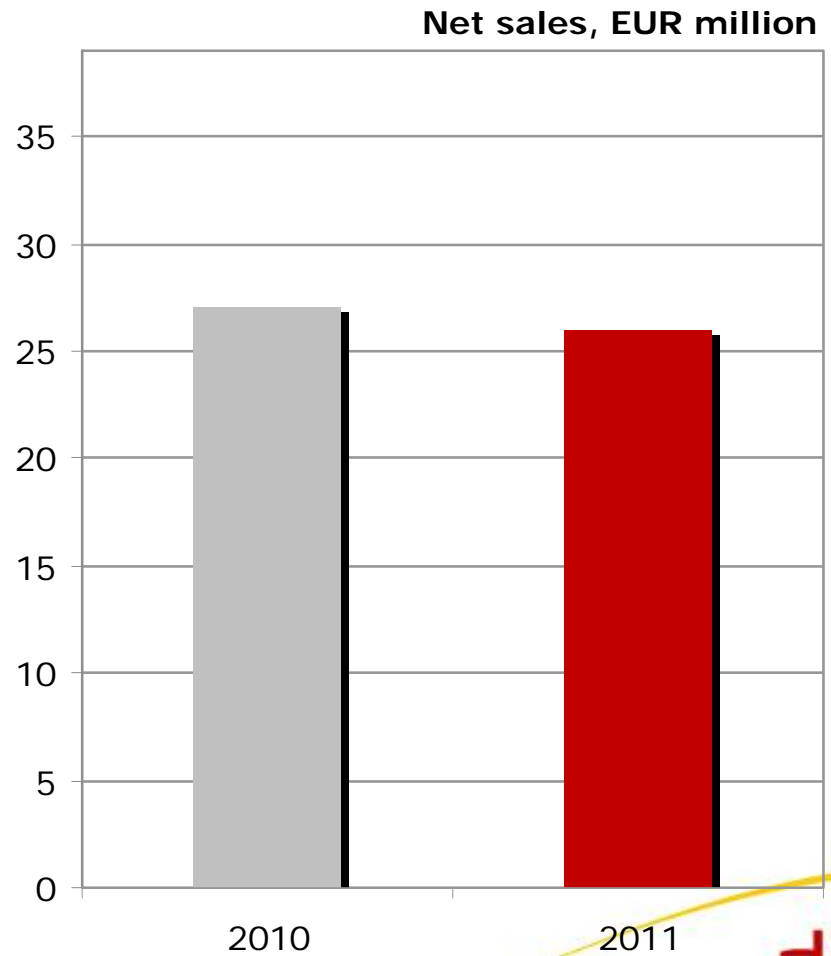


Summary 7–9/2011

- Net sales decreased slightly
 - Consolidated net sales EUR 26.0 (27.0) million, down 3.4 per cent
 - Decrease was due to strong decline of service demand in Mobile Solutions –segment (-19.7 % vs. Q3/2010)
 - Net sales in Enterprise Solutions -segment increased by 8.7 per cent
- Operating profit before one-off items in the same level as in earlier year
 - Was EUR 2.7 (2.9) million
 - Operating profit after one-off items (0.6 MEUR) EUR 2.1 million
- ES-segment profitability was very good
 - ES-segment Q3 probitability (EBIT-%) 14.0 per cent
 - Excluding Qt business profitability (EBIT %) was 14.9 per cent
 - Qt business turned profitable during Q3

Net sales 7-9/2011

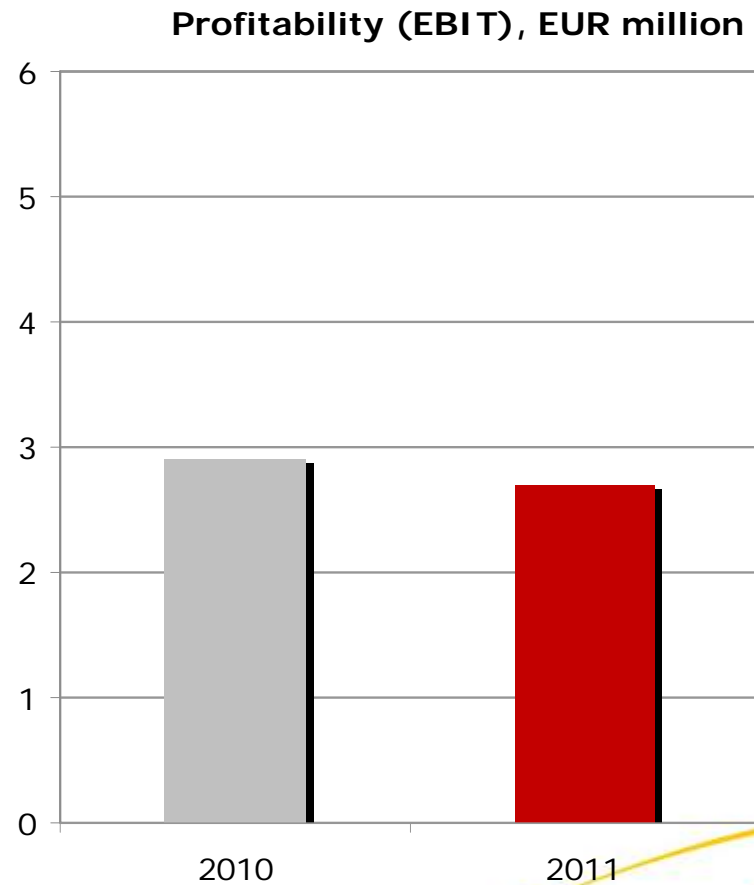
| | 7-9/ 2011 | 7-9/ 2010 |
|----------------------|--------------|--------------|
| Mobile Solutions | 7.5 | 11.3 |
| Enterprise Solutions | 18.6 | 15.6 |
| Digia Group | 26.0 | 27.0 |



digia

Operative Profitability 7-9/2011

| | 7-9/ 2011 | 7-9/ 2010 |
|----------------------|--------------|--------------|
| Mobile Solutions | 0.1 | 0.5 |
| Enterprise Solutions | 2.6 | 2.4 |
| Digia Group | 2.7 | 2.9 |



digia

Organisation renewal

- Digia's Board has on 29 September 2011 decided on a company organisation renewal and new cooperation negotiations related to the renewal
 - The aim is to adapt the company's organisation, cost structure, and operations to the new market situation and to its long-term strategic objectives
 - In scope of the negotiations are all domestic operations, the negotiations concern some 770 company employees in total
 - The downsizing need concerns maximum of 80 employees

Markets and Digia's business



digia

Markets and Digia's business

- Nokia's new strategy changed Company's business environment significantly and permanently
- Mobile Solutions customer demand have continuously decreased during the review period and continues decreasing even further
- Adaptation measures in Mobile Solutions area are completed. By the ongoing organisation renewal the company operations will be adapted to the new market situation and to better support company's long-term strategic objectives
- Demand for ERP systems, e-business, and customer experience management solutions remained at a sound level during the review period
- Lower-than-expected growth in Enterprise Solutions net sales was due to lower licence sales and increased expenses. However, the trend was positive towards the end of the review period
- Digia considers its competencies in smartphone application development and enterprise applications a huge asset for strengthening its position as a provider of multichannel and wireless system solutions

Outlook



digia

Outlook

- Overall uncertainty in the markets have increased
 - Despite the increased uncertainty the company estimates the IT market to continue growing moderately in 2011
 - However, worsening of the general economical situation may affect demand for IT services and the development of company's revenue and profitability
- The company expects the net sales and operating profit of Mobile Solutions to decrease slightly in the Q4/2011 from the Q3 results, and significantly more next year
- As for Enterprise Solutions, the company expects the organic growth in net sales to level out in the Q4/2011 and H1/2012 to a level roughly equivalent to the previous year's figures
- The company predicts that ES operational profitability will decrease from the levels of Q3/2011, but still remain sound. Pressure to increase salaries and personnel costs may affect the company's future profitability, especially in the short run

Outlook

- The net sales from Qt commercial licensing and service business is expected to develop favorably also during the rest of the year and have a positive impact on the company's profitability
- Significant uncertainty around the Nokia customership and overall markets complicates the reliable estimating

Thank you!

juha.varelius@digia.com

www.digia.com



digia