

# Basware Financial Results Q4/2011 and 1-12/2011

CEO Esa Tihilä and CFO Mika Harjuaho

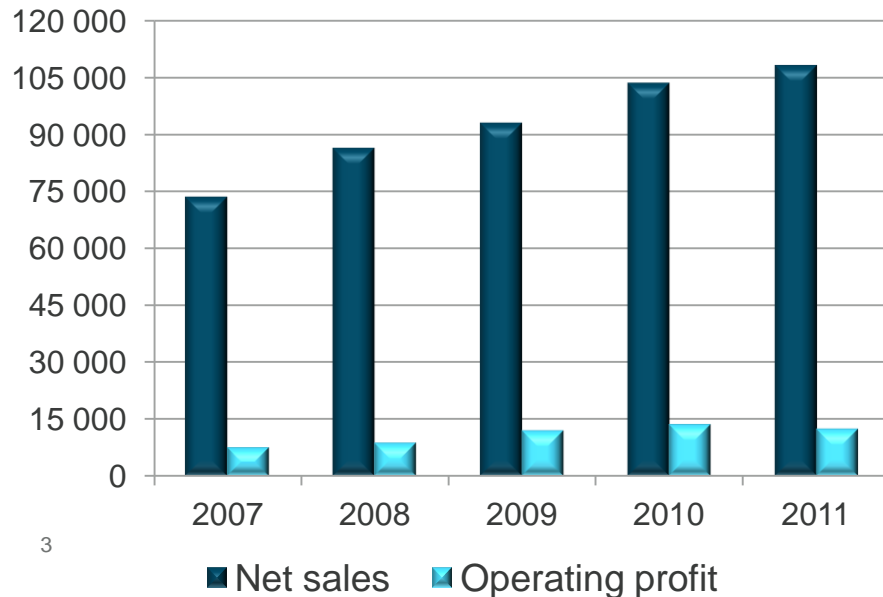
January 25, 2012

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# 2011: Year of Changes in Brief

- Net sales EUR 107 750 thousand (EUR 103 094 thousand)
- Operating profit EUR 12 280 thousand (EUR 13 487 thousand) and 11.4% of net sales
- Earnings per share EUR 0.76 (0.90)



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- Basware transforming from a software company to a service company
- Strong growth in transaction volumes
- Solid development in recurring revenue
- Change of CEO
- Announcement of organizational change in October 2011 to take place on January 1, 2012
- Government level and related actions supporting implementation of e-Invoicing globally
- Economic uncertainty on markets continues

# Q4/2011 in Brief

EUR Million	Q4/11	Q4/10
Net sales	30.2	30.1
Growth of net sales, %	0.3%	13.3%
Operating profit (EBIT)	3.5	4.9
Change of operating profit %	-30.0%	21.7%
% of net sales	11.4%	16.4%
Net profit	2.9	3.9
Share of recurring revenue, %	46.9%	42.5%
Earnings per share, euro	0.23	0.34
Fixed costs	23.4	22.2
Growth of fixed costs, %	5.4%	13.0%
Personnel 31.12.	1 182	913
Personnel costs	17.5	16.5
Total R&D expenses	4.5	4.1

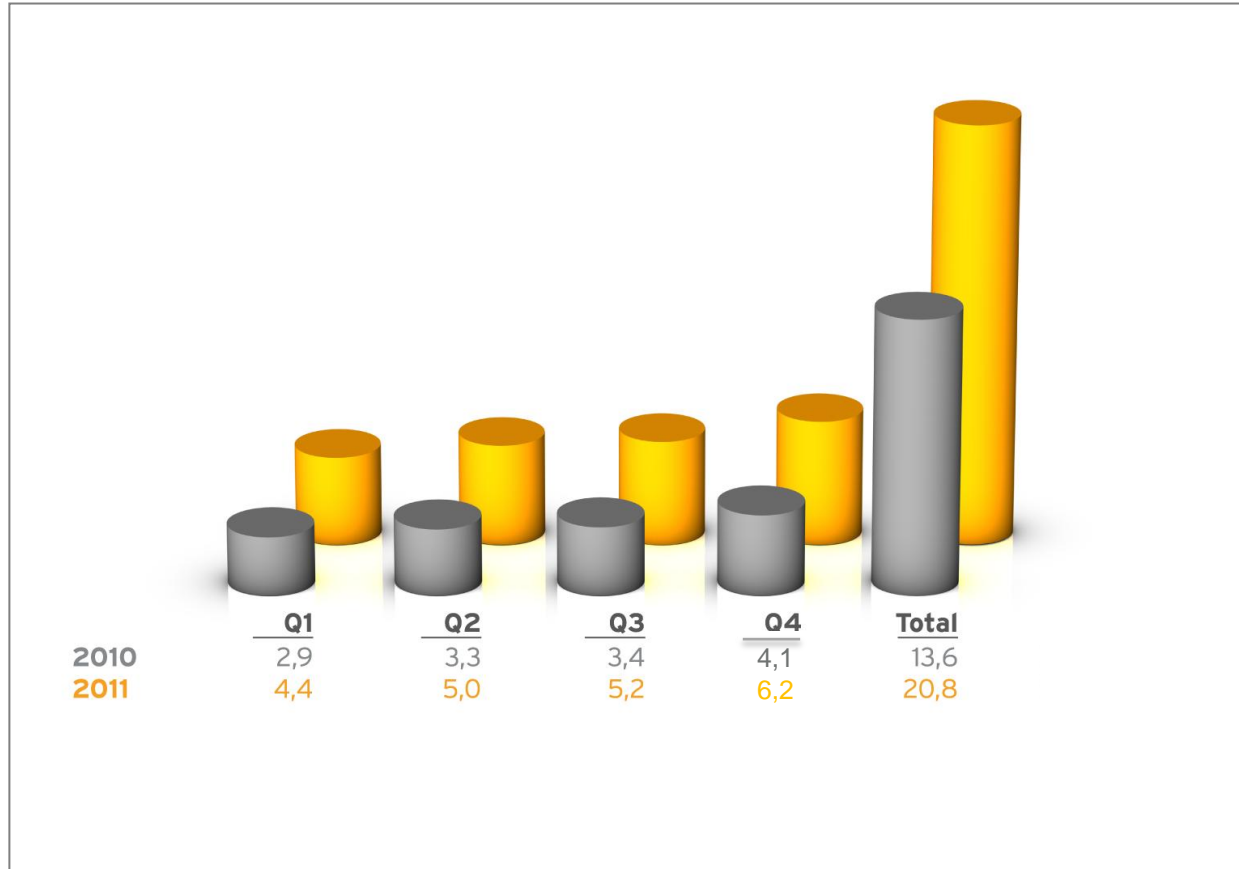
- Growth of recurring revenue (Automation Services and Maintenance) compensated for the decline in license sales
- Growth of Automation Services (SaaS and e-invoicing) 23.3% compared with previous quarter
- Transaction volume was 6.2 Million, growth of 51.6 percent
- The estimated revenue to be recognized for current Automation Services agreements in production in the next twelve months is EUR 18.3 million, growth from previous quarter 6.2%
- Operating profit includes restructuring provision of EUR 1.2 Million

# 1-12/2011 in Brief

EUR Million	1-12/11	1-12/10
Net sales	107.8	103.0
Growth of net sales, %	4.5%	11.3%
Operating profit (EBIT)	12.3	13.5
Change of operating profit %	-8.9%	14.1%
% of net sales	11.4%	13.1%
Net profit/loss	9.7	10.3
Share of recurring revenue, %	48.9%	44.3%
Earnings per share, euro	0.76	0.90
Fixed costs	82.9	78.3
Growth of fixed costs, %	5.8%	11.3%
Personnel 31.12.	1 182	913
Personnel costs	61.6	57.3
Total R&D expenses	16.5	14.9

- Automation Services grew by 32.3 percent fully compensating for the decline in license sales
- Transaction volume was 20.8 Million, growth of 53.0 percent
- Share of recurring revenue 48.9 percent of net sales
- Operating profit includes restructuring provision of EUR 1.2 Million
- Accounting for deferred tax assets in the annual accounts had a favourable impact on tax rate and consequently earnings per share
- Total R&D expenses grew due to Next Generation software development

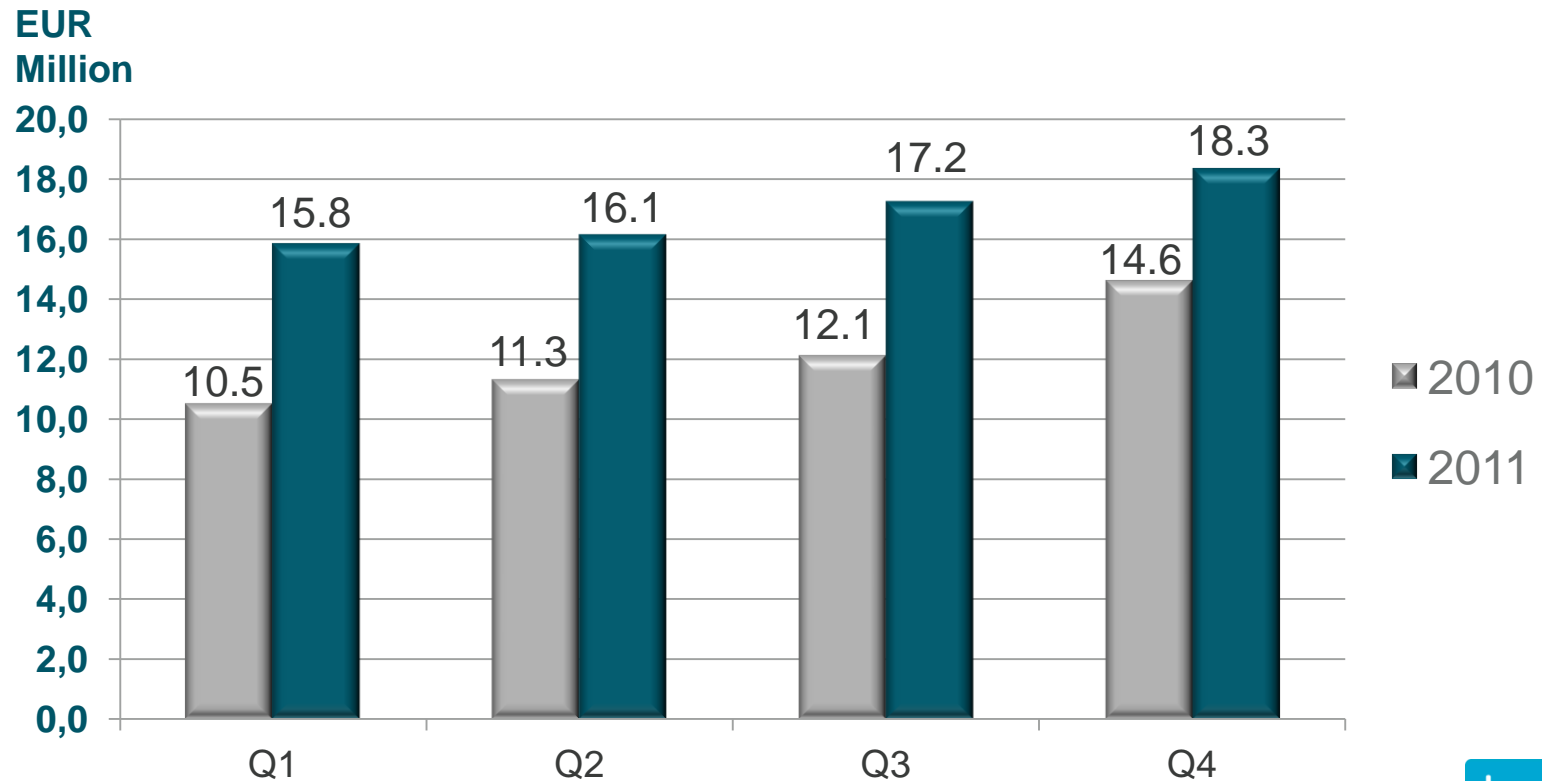
# Growth of Transaction volumes in 2011



Total amount of transaction volumes 20.8 million in 2011

Growth of 53.0%

# Quarterly development of the estimated revenue to be recognized from Automation services agreements for the next 12 months



# Acquisition of First Businesspost GmbH

- Acquisition price approximately EUR 12.2 million
- Debt free price approximately EUR 9.0 million
- Basware takes over approximately EUR 3.2 million of parent company loans in the company.
- Basware consolidates 1stbp's figures into its net sales and profit as of January 1, 2012.
- In 2011 1stbp's net sales totaled over EUR 2.4 million growing by more than 25% annually.
- EBITDA in 2011 amounted to approximately EUR 0.5 million.
- 1stbp has 39 employees with facilities in Munich and an R&D center in Romania
- Automotive sector customers include Audi, BMW, Daimler, MAN and Volkswagen.
- Retail customers e.g. Edeka
- Other industry customers: Deutsche Telekom and Union Invest
- 1stbp positions itself as one of the fastest growing and most innovative e-Invoice networks in Germany.

# Acquisition of First Businesspost GmbH

- Basware will become the leading e-Invoice operator in Germany and will further expand its global presence.
- The synergy benefits of the new business combination are primarily derived from accelerated growth potential.
- Through this acquisition Basware is able to acquire innovative technology transforming also sales invoices into electronic format.
- Basware will be taking 1stbp technology into its offering – accelerating and simplifying the global delivery of e-Invoicing for suppliers and strengthening Basware's existing offering to suppliers.

# Business Review of Q4/2011

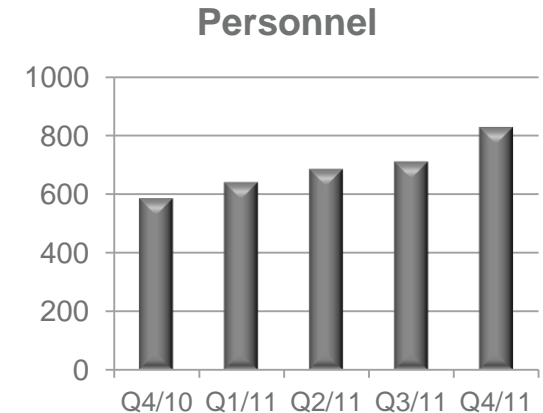
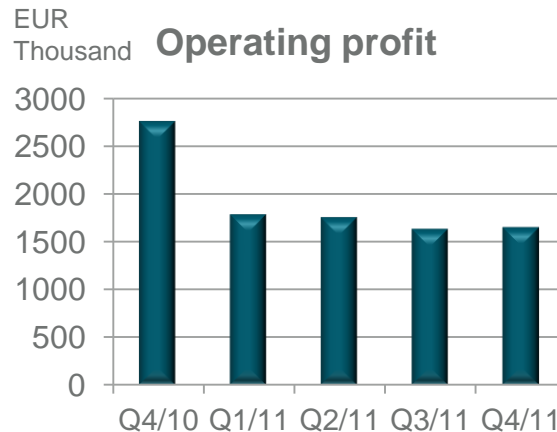
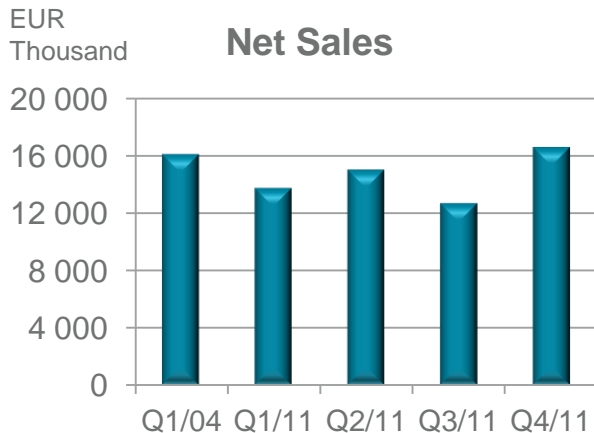
CEO Esa Tihilä

# Segment: Finland Q4/2011

Finland

**EUR thousand**

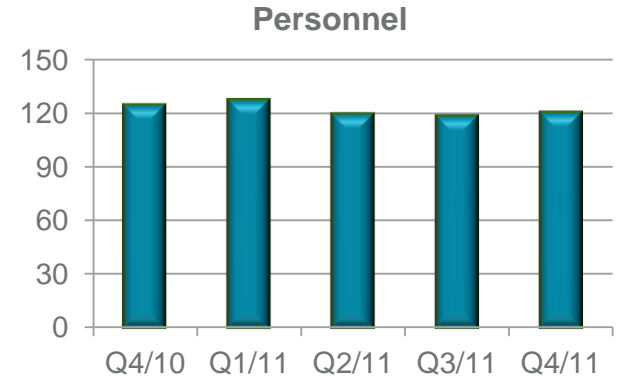
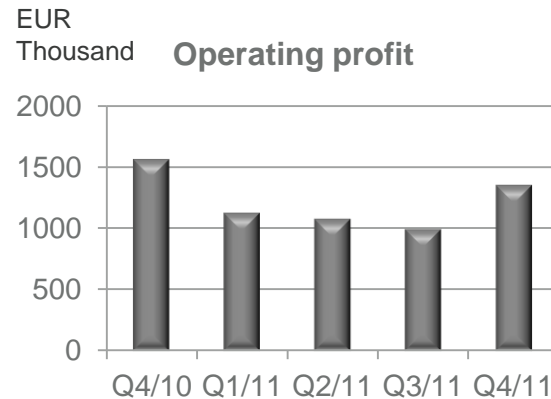
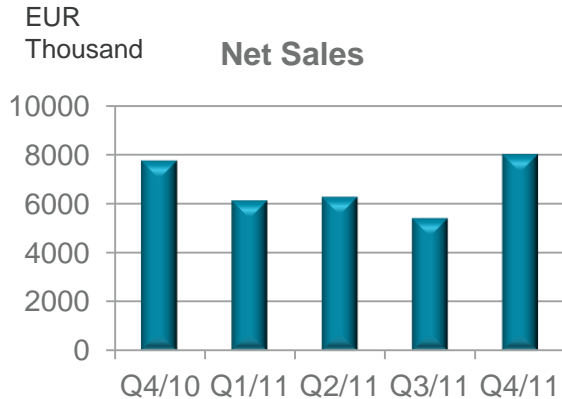
	<b>Q4/10</b>	<b>Q1/11</b>	<b>Q2/11</b>	<b>Q3/11</b>	<b>Q4/11</b>
<b>Net sales</b>	<b>16 011</b>	<b>13 656</b>	<b>14 924</b>	<b>12 608</b>	<b>16 497</b>
Growth of net sales, %	4.8	12.0	8.4	8.3	3.0
Operating profit	2 757	1 782	1 752	1 632	1 647
Number of personnel	584	639	727	760	826



Highlights: Automation Services grew strongly, large deals closed e.g. with Skanska and Ramboll. Operating profit includes restructuring provision. Personnel in India is reported in segment Finland as part of headquarter functions.

# Segment: Scandinavia Q4/2011

<i>EUR thousand</i>	<b>Q4/10</b>	<b>Q1/11</b>	<b>Q2/11</b>	<b>Q3/11</b>	<b>Q4/11</b>
<b>Net sales</b>	<b>7 708</b>	<b>6 096</b>	<b>6 241</b>	<b>5 379</b>	<b>7 977</b>
Growth of net sales, %	25.6	16.0	0.1	7.7	3.5
Operating profit	1 557	1 122	1 073	990	1 349
Number of personnel	124	120	119	116	120

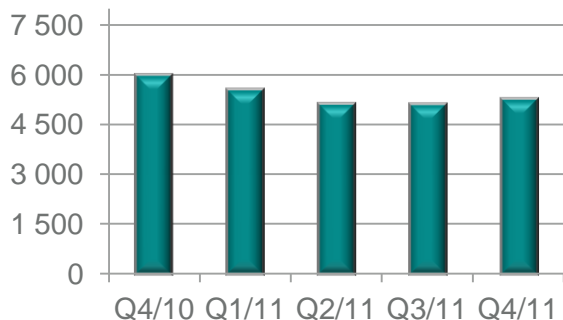


Highlights: License sales contributed most to the growth. Basware extended cooperation with a global home furnishing retailer.

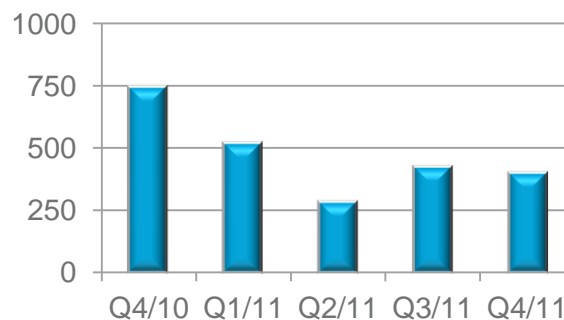
# Segment: Europe Q4/2011

<i>EUR thousand</i>	<b>Q4/10</b>	<b>Q1/11</b>	<b>Q2/11</b>	<b>Q3/11</b>	<b>Q4/11</b>
<b>Net sales</b>	<b>5 959</b>	<b>5 518</b>	<b>5 097</b>	<b>5 088</b>	<b>5 237</b>
Growth of net sales,%	5.9	8.9	0.1	6.4	-12.1
Operating profit	743	520	285	424	400
Number of personnel	131	136	142	135	136

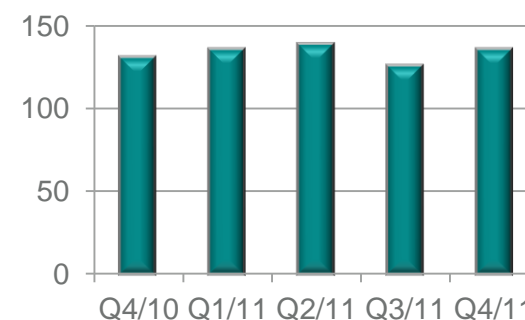
Net Sales



Operating Profit



Personnel

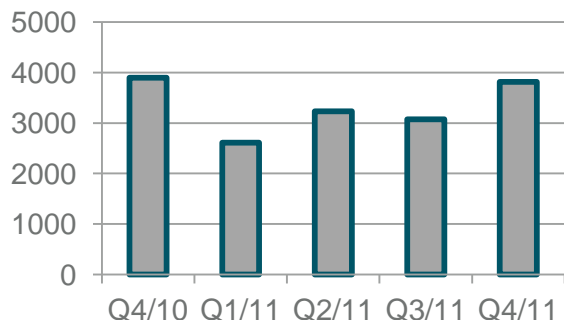


Highlights: Automation Services grew strongly but did not fully compensate for the decline in license sales.

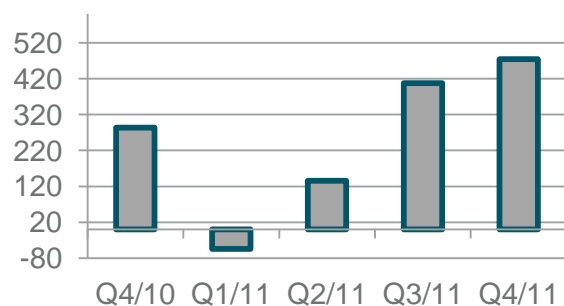
# Segment: Other Q4/2011

<i>EUR thousand</i>	Q4/10	Q1/11	Q2/11	Q3/11	Q4/11
<b>Net sales</b>	<b>3 898</b>	<b>2 611</b>	<b>3 235</b>	<b>3 074</b>	<b>3 816</b>
Growth of net sales, %	34.5	10.1	19.0	-1.2	-2.1
Operating profit	284	-54	136	408	474
Number of personnel	61	63	63	64	67

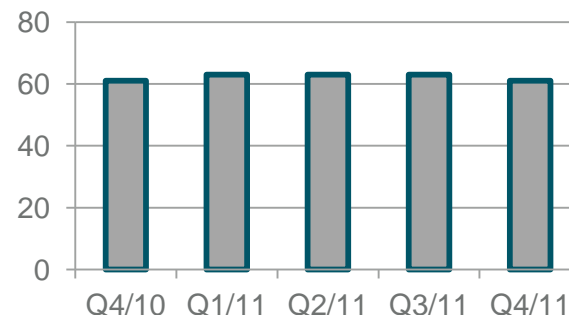
Net Sales



Operating profit



Personnel



Highlights: Professional Services and Automation Services grew strongly but did not fully compensate for the decline in license sales. Basware signed a large deal with one of the leading professional services organizations in the world providing assurance, tax and advisory services.

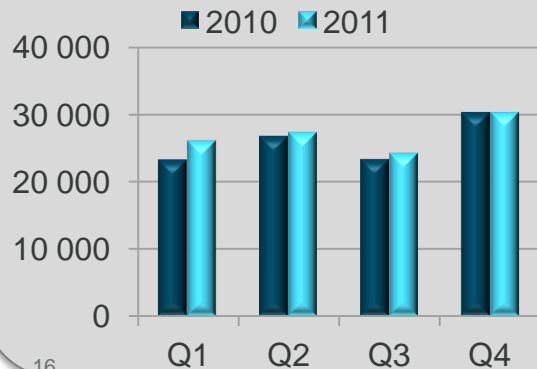
# Financial Review of Q4/2011 and 1-12/2011

CFO Mika Harjuaho

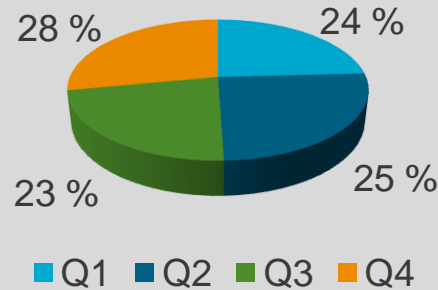
# Development of Quarterly Net Sales and Profit

<i>EUR thousand</i>	Q1/11	Q1/10	Q2/11	Q2/10	Q3/11	Q3/10	Q4/11	Q4/10
<b>Net sales</b>	<b>26 058</b>	<b>23 132</b>	<b>27 280</b>	<b>26 612</b>	<b>24 185</b>	<b>23 202</b>	<b>30 227</b>	<b>30 149</b>
Growth %	12.7%	6.5%	2.5%	17.1%	4.2%	7.4%	0.3%	13.3%
Materials and services	1 948	1 288	1 727	1 754	1 933	1 593	2 179	1 760
Personnel expenses	14 738	13 703	16 004	15 184	13 293	11 959	17 539	16 491
Depreciation and write-offs	1 237	1 236	1 279	1 309	1 270	1 294	1 218	1 278
Other operating expenses	5 219	4 818	5 478	5 414	4 694	4 991	5 883	5 725
<b>Operating profit</b>	<b>2 957</b>	<b>2 136</b>	<b>2 832</b>	<b>3 006</b>	<b>3 038</b>	<b>3 408</b>	<b>3 454</b>	<b>4 937</b>

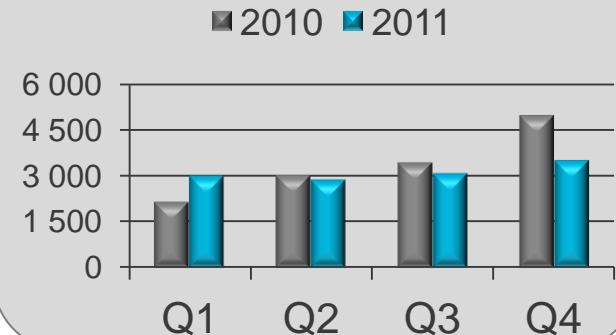
## Net Sales



## Net Sales 2011 by quarters

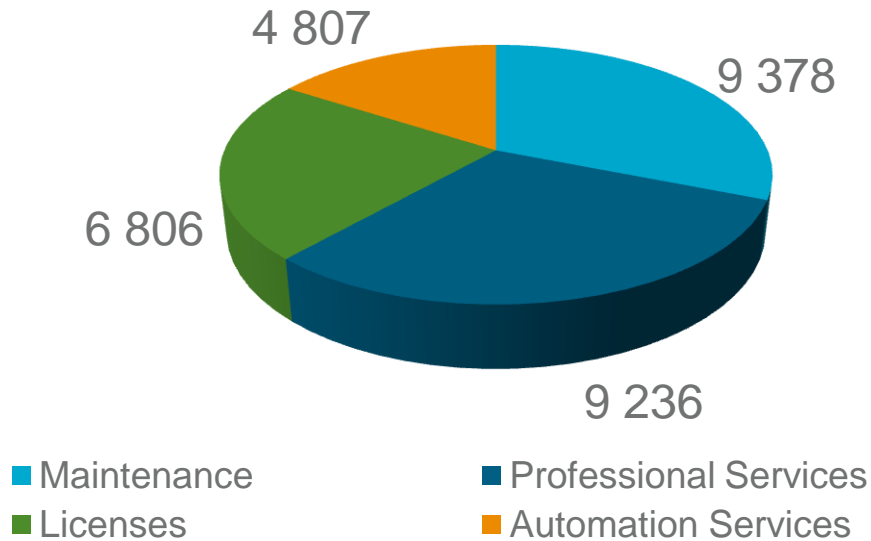


## Profit



# Net Sales by Operation Q4/2011

EUR Thousand



License sales, decrease of 16.3%

Maintenance, growth of 7.2%

Professional Services, growth of 0.5%

Automation services, growth of 17.9%

As part of license sales, SEPA sales decreased 48.5% and third party scanning software sales decreased 8.7%

**Licenses** = License sales of software products

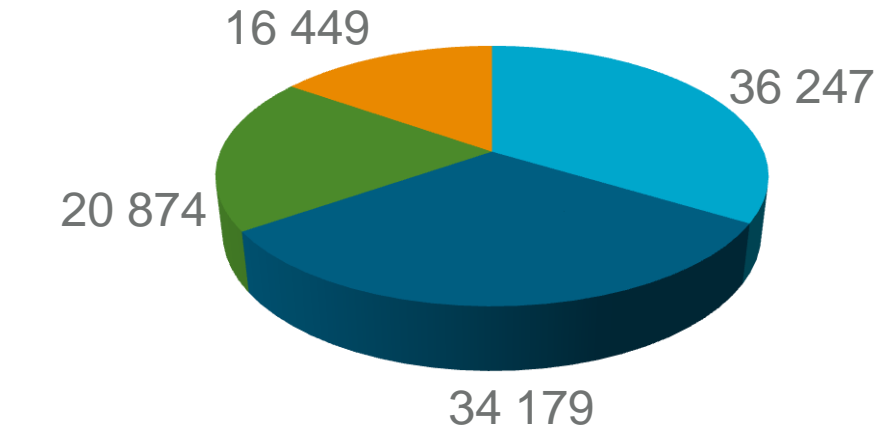
**Professional Services** = Former consulting, includes also Maintenance and Automation Services related consulting

**Maintenance** = Continuous, annually charged fees (18-20% of license sales)

**Automation Services** = Software as a Service, e-Invoicing, scan and capture

# Net Sales by Operation 2011

EUR Thousand



■ Maintenance  
■ Licenses

■ Professional Services  
■ Automation Services

**Licenses** = License sales of software products

**Professional Services** = Former consulting, includes also Maintenance and Automation Services related consulting

**Maintenance** = Continuous, annually charged fees (18-20% of license sales)

**Automation Services** = Software as a Service, e-invoicing, scan and capture

License sales, decrease of -15.4%

Maintenance, growth of 8.9%

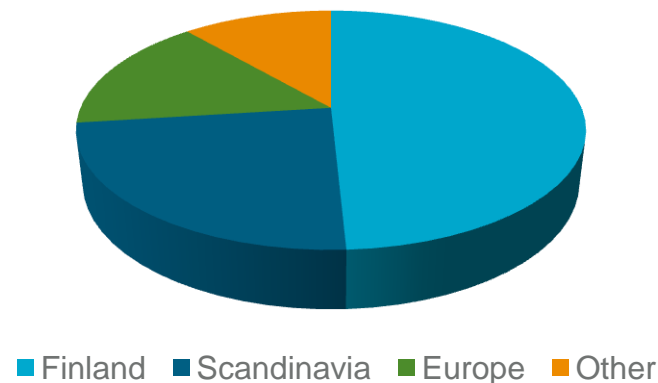
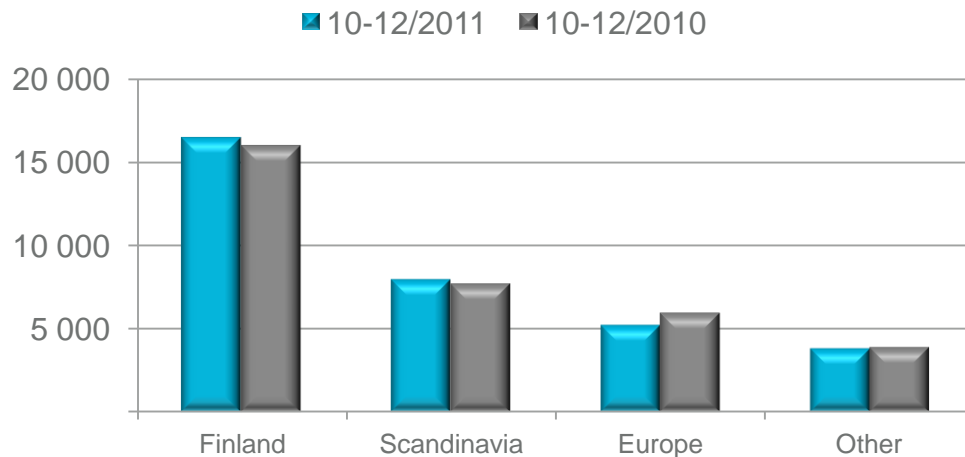
Professional Services, growth of 4.5%

Automation Services, growth of 32.3%

As part of license sales, SEPA sales decreased 55.5% and third party scanning software sales decreased 38.8%

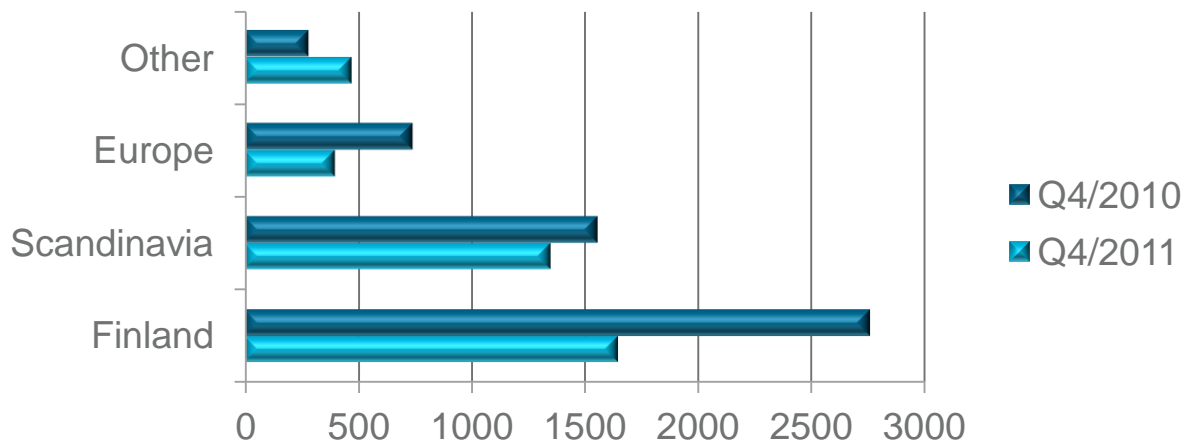
# Net Sales by Segment Q4/2011

Net sales	10-12/11	10-12/10	Change, %
Finland	16 497	16 011	3.0
Scandinavia	7 977	7 708	3.5
Europe	5 237	5 959	-12.1
Other	3 816	3 898	-2.1
Net sales between segments	-3 300	-3 429	-3.8
<b>Group total (IFRS)</b>	<b>30 227</b>	<b>30 149</b>	<b>0.3</b>



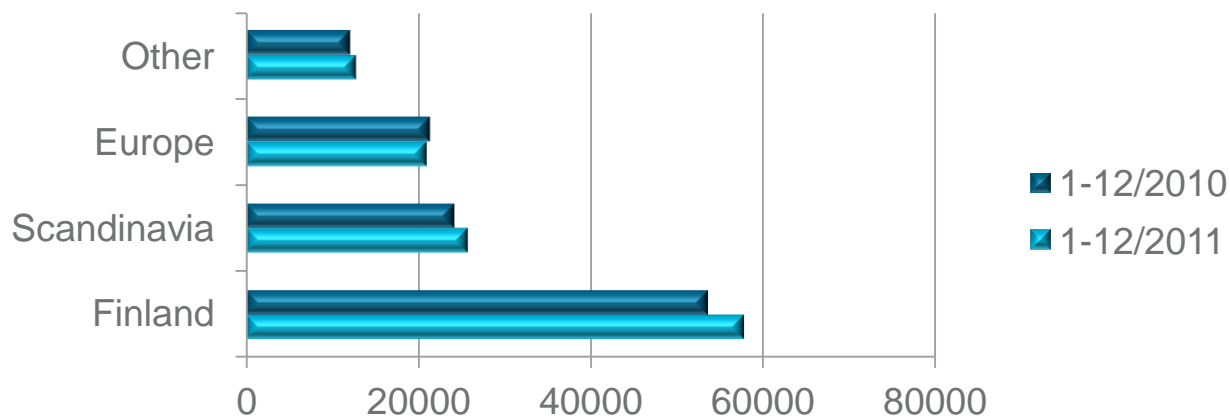
# Operating Profit by Segment Q4/2011

<b>Operating profit</b>	<b>Q4/11</b>	<b>Q4/10</b>	<b>Change,%</b>
Finland	1 647	2 757	-40.3
Scandinavia	1 349	1 557	-13.4
Europe	400	743	-46.2
Other	474	284	66.9
Operating profit between segments	-416	-405	2.7
<b>Group total (IFRS)</b>	<b>3 454</b>	<b>4 937</b>	<b>-30.0%</b>



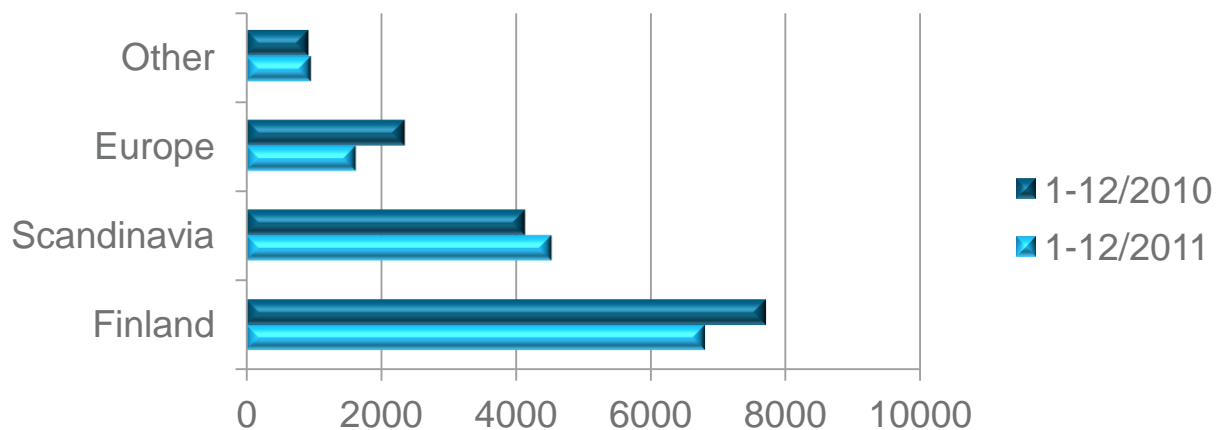
# Net Sales by Segment 1-12/2011

<b>Net sales</b>	<b>1-12/2011</b>	<b>1-12/2010</b>	<b>Change,%</b>
Finland	57 685	53 606	7.6%
Scandinavia	25 693	24 188	6.2%
Europe	20 940	21 347	-1.9%
Other	12 737	12 101	5.3%
Net sales between segments	-9 305	-8 149	14.2%
<b>Group total (IFRS)</b>	<b>107 750</b>	<b>103 094</b>	<b>4.5%</b>

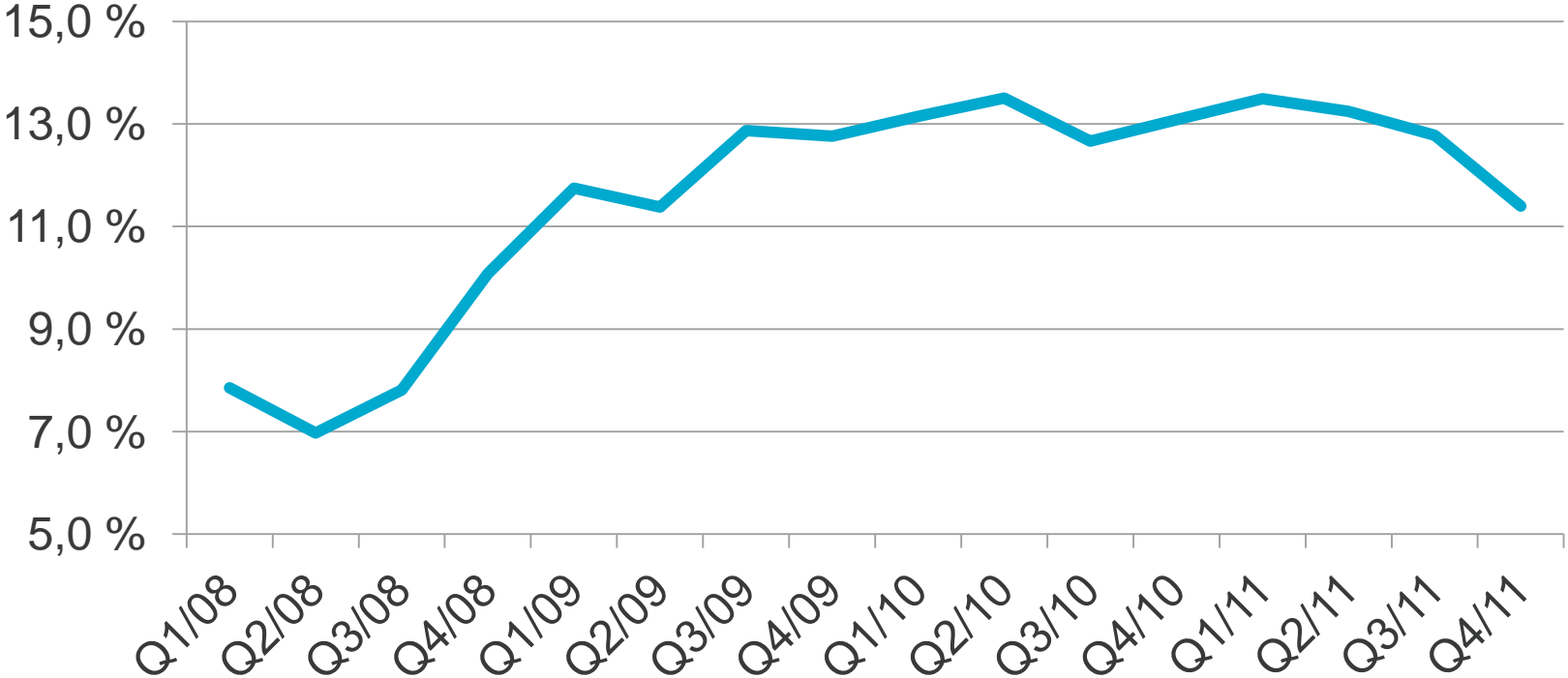


# Operating profit by Segment 1-12/2011

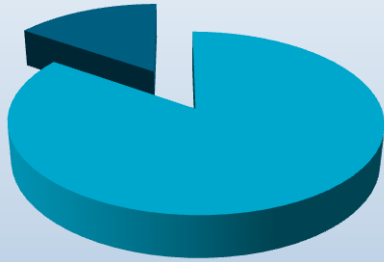
Operating profit	1-12/2011	1-12/2010	Change, %
Finland	6 812	7 703	-11.6%
Scandinavia	4 533	4 136	9.6%
Europe	1 629	2 354	-30.8%
Other	963	924	4.3%
Operating profit between segments	-1 657	-1 629	1.7%
<b>Group total (IFRS)</b>	<b>12 280</b>	<b>13 487</b>	<b>-8.9%</b>



# Operating Profit % (EBIT %) Trend Rolling 12 Month Quarterly Average

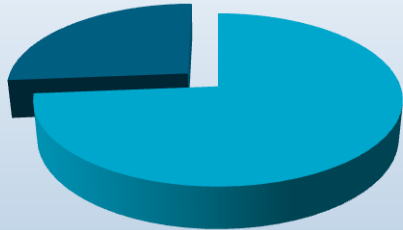


# Research & Development 1-12/2011



Total R&D expenses 15.3% of net sales

- Total R&D expenses EUR 16 489 thousand (EUR 14 883 thousand)
  - Increase of 10.8 percent
  - 15.3 percent of net sales (14.4%)
  - EUR 4 309 thousand (EUR 1 696 thousand) of expenses capitalized
- R&D costs in P&L EUR 12 180 (EUR 13 187)
  - 11.3 percent of net sales (12.8%)



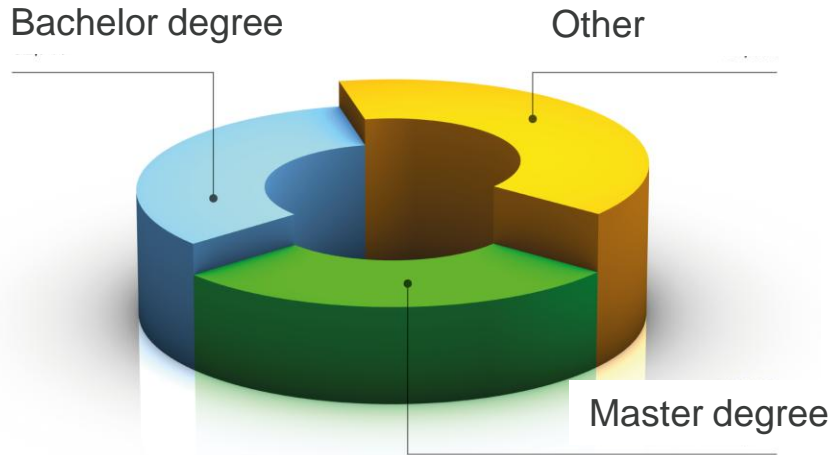
26.3% of personnel

- R&D personnel 311 (239)
  - Units in Finland and India
  - Number of R&D personnel expected to grow moderately in the future

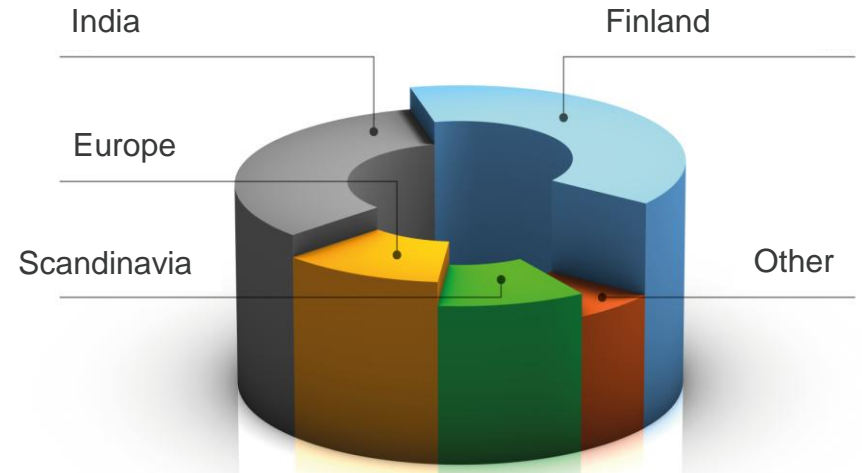
# Personnel

- In total 1 182 (913) employees at the end of 2011
- Growth of 29.5%

- 61.2 (54.9) percent abroad
- Average age 34.2 years



Education



Personnel by countries

# Finance and Investments

- Total assets on the balance sheet EUR 121 966 thousand (EUR 91 470 thousand)
- Cash and cash equivalents EUR 42 977 thousand (EUR 13 822 thousand)
- Cash flow from operations EUR 15 207 thousand (EUR 12 523 thousand)
- Equity ratio 81.9 % (73.3 %)
- Gearing -42.3% (-15.3%)
- Total gross investments EUR 6 331 thousand (EUR 4 567 thousand)
  - Includes capitalized R&D costs

# Share and Shareholders

- Number of shareholders 15 017 (15 752) at the end of December 2011
- Share price development during January–December 2011
  - Average price of the share EUR 21.58 (EUR 19.27)
  - Highest EUR 28.10 (EUR 24.80), lowest EUR 14.95 (EUR 15.00)
  - Closing price EUR 16.45 (EUR 24.75)
- Traded shares 5 079 523 (2 131 071)
  - 40.1 % (18.5%) of average amount of shares
- Market capitalization EUR 211 737 063 (EUR 287 093 169)

# Future Outlook

## CEO Esa Tihilä

# IT market forecast, January 2012

	Global			US	
Year	2011	2012	2013	2011	2012
Software	9.0->8.10	7.0->6.2	7.0	6.0->7.4	8.0
IT Services, total	7.3	6.0->4.7	5.6	7.4	6.0->6.8
All IT	7.80	5.5->5.1	7.3	6.7->6.1	6.40->5.6

Forecast is based on market reports and estimates from leading independent research companies on a long term.

Basware expects that Purchase-to-Pay license and service revenue growth for 2012 is satisfactory despite of the Eurozone crisis and global economy turbulence. E-Invoicing services shows very strong growth.

# Future Outlook

- Our goal is to grow over 50 percent in Automation Services and become the leading e-Invoicing company globally.
- Economic uncertainty on global markets continues
  - It impacts on the sales volumes of solutions and services.
  - Conversion of license sales to SaaS (Software as a Service) continues.
- Year 2012: Transformation from a software company to a service company continues.
  - Transformation changes our way of working, solutions and services.
- Basware estimates the net sales in 2012 to grow from previous year and operating profit (EBIT) is estimated to be EUR 8-18 Million

Next interim report on April 13, 2012