

Tieto embarks on a new strategy to create great everyday experiences in the data-rich world – accelerated value creation reflected in upgraded growth and profit ambitions

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Tieto is taking the next big leap in its renewal to enhance the future competitiveness of customers and the company alike. With its new strategy, Tieto focuses on accelerating customers' design and data-led innovation and renewal in the Nordics. Additionally, the company will renew its ways of working and leadership model, enabling faster time to market for customers.

Enterprises and public organizations are increasing their investments in new data-rich services and differentiating service experiences for their customers. Operational agility, innovation and new data-driven business models will be the main drivers for customers' and Tieto's competitiveness. Today's customer agenda opens up significant opportunities to IT service providers as enterprises re-focus their IT investments accordingly.

Tieto will facilitate customers' innovation and renewal agenda throughout the entire cycle addressing design of service experiences, smart use of data, architecture adoption and application renewal. Digital experience business, driving agile iterations of the innovation and renewal cycle, will form the essence of competitiveness and growth for customers and Tieto. Adaptive hybrid infrastructures utilizing leading technology platforms and partnerships ensure business agility and cost optimization while supporting customers' business-critical services.

"The strategy announced today builds on our renewal and we see exciting opportunities in the world fueled by data and driven by technology. By strengthening context-rich customer engagement and moving to networked ways of working, we empower our people together with our customers to create great everyday experiences. We believe this motivation will create great opportunities and a more meaningful and fun working culture. I expect we will continue to see positive developments in both customer and employee experience in this inspiring data-rich world," says Kimmo Alkio, President and CEO.

Networked ways of working to enable faster time to market

To enable context-rich customer engagement and co-creation with customers, Tieto will adopt networked, simplified ways of working and renew its leadership model. The new model will empower agile teams to dynamically address evolving customer challenges.

Tieto will implement a simplified operating model gradually during the second quarter of 2019. For the key markets of Finland, Sweden and Norway, a new Managing Partner position will be established in each country to focus on market share growth, on leading the country management network and on accelerating the Digital Experience business in the respective country.

Continued focus on main businesses

In addition to accelerating digital experience services, the company will continue to focus on the Industry Software, Hybrid Infrastructure and Product Development Services businesses. The following businesses, distinguished by their role in customers' data-driven business renewal, drivers of competitiveness, geographical scope and go-to-market, will constitute reportable segments for Tieto:

- **Digital Experience:** the core of Nordic customers' data-driven innovation and renewal, including design of service experiences, smart use of data, architecture adoption and application renewal.
- **Hybrid Infra:** the hybrid infrastructure foundation to ensure Nordic customers' business continuity and renewal, including capacity services, hybrid cloud orchestration, and managed security services. Tieto is well positioned to manage Nordic customers' technology complexity.
- **Industry Software:** best-in-class industry software. Tieto aims to accelerate software businesses with selected spearhead solutions and continues to drive international expansion of selected globally competitive businesses.
- **Product Development Services:** continued focus on delivering software R&D services to enhance connectivity and data-richness in customers' products and services. The scope of the services is global and Product Development Services will continue its current strategy to expand its customer base beyond the telecom sector.

Targeted investments and operational simplification to enhance competitiveness

The new strategy aims to enhance Tieto's competitiveness with targeted investments in high-growth digital services and software, increased activity in customer engagement and agile teams functioning with higher autonomy. The simplified operations will ensure faster access to relevant capabilities for customers while reducing need for internal coordination and administration. Tieto currently anticipates that operational simplification will affect around 700 roles globally and result in annualized gross savings of EUR 30–35 million, which will already partially affect performance in 2019. The design of operations will continue over the upcoming months and the impact on each business and country will be specified during the process. In parallel, Tieto will increase investments in design and data-centric capabilities and anticipates that the company will add 2 500–3 000 competences for these roles during the strategy period.

Growth and profitability ambitions set higher while attractive dividend policy continues

Accelerated value creation is reflected in Tieto's updated financial objectives:

- Growth over 5% (CAGR 2019–2022) – with continued active M&A supporting growth
- Adjusted operating margin 13%¹⁾ – main drivers include growth, simplified operations and automation
- Net debt/EBITDA below 2.0 in the long term²⁾
- Aim is to increase base dividend annually in absolute terms

1) Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and

other items affecting comparability

In accordance with IFRS16, taking effect on 1 Jan 2019

2) In accordance with IFRS16, taking effect on 1 Jan 2019 – equals around 1.5 prior to IFRS 16

Appointments in the new Tieto Leadership Network

In accordance with the networked ways of working, Tieto's Leadership Team will be transformed into a new Tieto Leadership Network headed by Kimmo Alkio, President and CEO. The appointments include a new management role to be established. Head of Centers of Excellence will be responsible for innovation, accelerating new Tieto businesses and Global Delivery Centers. Tieto has made the following appointments in the Tieto Leadership Network, effective from 1 April:

- Satu Kiiskinen, Managing Partner, Finland
- Håkan Dahlström, Managing Partner, Sweden
- To be announced later, Managing Partner, Norway
- Petteri Uljas, Head of Hybrid Infra
- Christian Segersven, Head of Industry Software
- Tom Leskinen, Head of Product Development Services
- Ari Järvelä, Head of Centers of Excellence
- Katariina Kravi, Chief of Talent and Culture
- Julius Manni, Chief of Experience
- Markus Suomi, Chief of Technology and Quality
- Kishore Ghadiyaram, Chief of Strategy
- Tomi Hyryläinen, Chief Financial Officer.

For further information, please contact:

Investors:

Tanja Lounevirta, Head of Investor Relations, tel. +358 50 321 7510, tanja.lounevirta@tieto.com

Media:

Kia Haring, Head of Global Communications, tel. +358 40 765 3700, kia.haring@tieto.com

TIETO CORPORATION

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Tieto aims to capture the significant opportunities of the data-driven world and turn them into lifelong value for people, business and society. We aim to be customers' first choice for business renewal by combining our software and services capabilities with a strong drive for co-innovation and ecosystems.

Headquartered in Finland, Tieto has around 15 000 experts in close to 20 countries. Tieto's turnover is approximately EUR 1.6 billion and shares listed on NASDAQ in Helsinki and Stockholm. www.tieto.com