Summary

Financial performance in line with short-term expectations

New strategy for 2012–2016 launched and well received

Competitive cost structure – actions proceed according to plan
IT market relatively stable

The macroeconomic outlook in Northern Europe and the IT services market in Tieto’s core countries have remained relatively stable.

Business transformation drives growth

Cloud services and mobility as continued trends

Telecom R&D market affected by budget cuts

Two-fold development in pricing
  • Continued pressure in basic services
  • Prices for high value added services stable or slightly rising

Industry analysts estimate that the IT services market in Western Europe will grow by 0–2% in 2012.
Q1 highlights
Performance in line with short-term expectations

Net sales
EUR 467.1 (461.6) million, up by 1%
Good growth in Finland and the Baltic countries

Operating profit (EBIT)
EUR 41.7 (23.6) million, or 8.9% (5.1)
- Includes EUR 15.4 million in capital gains
EBIT excl. one-off items EUR 28.0 (23.9) million, or 6.0% (5.2)
- Improvement driven by offshoring and decrease in external purchases

Order backlog
EUR 1 719 (1 708) million
Book-to-bill 1.0

Net cash flow
EUR 69.3 (38.8) million

Earnings per share
EUR 0.45 (0.19)
Quarterly development

**Net sales**

- **Q1/11**: 462 MEUR
- **Q2/11**: 462 MEUR
- **Q3/11**: 415 MEUR
- **Q4/11**: 490 MEUR
- **Q1/12**: 467 MEUR

**Operating profit excl. one-off items**

- **Q1/11**: 23.9 MEUR, 5.2%
- **Q2/11**: 24.5 MEUR, 5.3%
- **Q3/11**: 34.5 MEUR, 8.3%
- **Q4/11**: 34.2 MEUR, 7.0%
- **Q1/12**: 28.0 MEUR, 6.0%

**Cash flow**

- **Q1/11**: 38.8 MEUR
- **Q2/11**: 0 MEUR
- **Q3/11**: 40.7 MEUR
- **Q4/11**: 43.7 MEUR
- **Q1/12**: 69.3 MEUR

**Gearing**

- **Q1/11**: 14.6%
- **Q2/11**: 25.8%
- **Q3/11**: 20.4%
- **Q4/11**: 14.6%
- **Q1/12**: 2.1%
## First quarter of 2012

<table>
<thead>
<tr>
<th>Metric</th>
<th>Q1/2012</th>
<th>Q1/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales, EUR million</td>
<td>467.1</td>
<td>461.6</td>
</tr>
<tr>
<td>Operating profit, EUR million</td>
<td>41.7</td>
<td>23.6</td>
</tr>
<tr>
<td>EBIT, %</td>
<td>8.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Operating profit excl. one-off items, EUR million</td>
<td>28.0</td>
<td>23.9</td>
</tr>
<tr>
<td>EBIT, % excl. one-off items</td>
<td>6.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Profit after taxes, EUR million</td>
<td>32.0</td>
<td>13.5</td>
</tr>
<tr>
<td>EPS, EUR</td>
<td>0.45</td>
<td>0.19</td>
</tr>
<tr>
<td>Net cash flow from operations</td>
<td>69.3</td>
<td>38.8</td>
</tr>
<tr>
<td>Gearing, %</td>
<td>2.1</td>
<td>14.6</td>
</tr>
<tr>
<td>Personnel at the end of period</td>
<td>18 121</td>
<td>18 136</td>
</tr>
</tbody>
</table>
# Income statement

<table>
<thead>
<tr>
<th>EUR million</th>
<th>Q1/2012</th>
<th>Q1/2011</th>
<th>Change, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>467.1</td>
<td>461.6</td>
<td>1</td>
</tr>
<tr>
<td>Other operating income</td>
<td>17.0</td>
<td>1.7</td>
<td>900</td>
</tr>
<tr>
<td>Employee benefit expenses</td>
<td>274.7</td>
<td>265.3</td>
<td>4</td>
</tr>
<tr>
<td>Depreciation, amortization and</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>impairment charges</td>
<td>21.2</td>
<td>22.9</td>
<td>-7</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>146.5</td>
<td>151.5</td>
<td>-3</td>
</tr>
<tr>
<td><strong>Operating profit (EBIT)</strong></td>
<td>41.7</td>
<td>23.6</td>
<td>77</td>
</tr>
<tr>
<td>Interest and other financial income</td>
<td>2.8</td>
<td>0.5</td>
<td>460</td>
</tr>
<tr>
<td>Interest and other financial expenses</td>
<td>-4.4</td>
<td>-1.6</td>
<td>175</td>
</tr>
<tr>
<td>Net exchange losses/gains</td>
<td>-0.5</td>
<td>-0.9</td>
<td>-44</td>
</tr>
<tr>
<td><strong>Profit before taxes</strong></td>
<td>39.6</td>
<td>21.6</td>
<td>83</td>
</tr>
<tr>
<td>Income taxes</td>
<td>-7.6</td>
<td>-8.1</td>
<td>-6</td>
</tr>
<tr>
<td><strong>Net profit for the period</strong></td>
<td>32.0</td>
<td>13.5</td>
<td>137</td>
</tr>
</tbody>
</table>
10 biggest customers = 33% of sales

<table>
<thead>
<tr>
<th>Customer*</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Stockholm</td>
<td>Public</td>
</tr>
<tr>
<td>Ericsson</td>
<td>Telecom</td>
</tr>
<tr>
<td>Finnish Tax Administration</td>
<td>Public</td>
</tr>
<tr>
<td>IF Insurance</td>
<td>Finance</td>
</tr>
<tr>
<td>Kesko</td>
<td>Retail</td>
</tr>
<tr>
<td>Nokia</td>
<td>Telecom</td>
</tr>
<tr>
<td>Nokia Siemens Networks</td>
<td>Telecom</td>
</tr>
<tr>
<td>Nordea</td>
<td>Finance</td>
</tr>
<tr>
<td>OP-Pohjola</td>
<td>Finance</td>
</tr>
<tr>
<td>TeliaSonera</td>
<td>Telecom</td>
</tr>
</tbody>
</table>

Net sales by customer segment
- Telecom & media: 48%
- Financial services: 31%
- Industry sectors: 21%

Large new agreements in Q1
- Nokia Siemens Networks (outsourcing of part of the maintenance, technical support and R&D)
- Statens Servicecenter (ICT infrastructure services)
- Sodexo (Renewal of ICT Infrastructure services)

*In alphabetical order, FY 2011
Offshoring as a value driver

- 18,121 full-time employees at the end of Q1
- Number of personnel in onshore countries down by 500 year-on-year
- In offshore countries, number of personnel up by around 500, or 5% year-on-year, to 7,377
- Offshore ratio 41% (38)
- Group-wide employee turnover 12.0% (10.0)
- Salary inflation expected to be around 3%
Market units and business lines
Finland and the Baltic countries

Growth in all customer sectors

Sales at EUR 193 million, up by 5%
- IT services market stable in Finland
- All customer sectors posted growth

Operating profit EUR 17.3 (13.4) million, or 9.0% (7.3)
- EBIT excl. one-off items EUR 17.2 (13.6) million, or 8.9% (7.4)
- Profitability improved due to higher net sales coupled with improved productivity
Scandinavia
Flat sales after a year of strong growth

Sales at the previous year’s level at EUR 141 million
- Cautiousness and slow decision making in the Swedish financial sector
- In Sweden, growth in the media, public and retail sector
- Good performance in the energy sector in Norway

Operating profit EUR 5.5 (5.2) million, or 3.9% (3.7)
- EBIT excl. one-off items EUR 6.2 (5.2) million, or 4.4% (3.7)
- By the end of Q1, expenses related to the data centre incident in Sweden in line with the provisions made in Q4
Central Europe* & Russia
Profitability going to the right direction, but slowly

Sales at EUR 34 million, up by 7%
- Driven by several agreements with new customers

Operating profit EUR -4.2 (-5.0) million, or -12.5% (-15.9)
- EBIT excl. one-off items EUR -4.1 (-5.0) million, or -12.1% (-15.8)

Profitability in Germany and Russia remained unsatisfactory
- Scope of operation in Germany under review
- In Russia, a profit improvement programme ongoing

* Austria, Germany, the Netherlands and Poland
Global Accounts
Sales drop reflects weak telecom R&D market

Sales declined by 8% to EUR 175 million
- Cost-savings actions launched by several customers, especially in telecom R&D

Operating profit EUR 30.2 (15.4) million, or 17.3% (8.1)
- EBIT excl. one-off items EUR 15.6 (15.4) million, or 8.9% (8.1)
- Despite sales drop, operating profit excluding one-off items at the previous year’s level, partly due to the decrease in external purchases

The financial services products business in the UK divested

Includes ~20 accounts, sales offices (Canada/USA, Italy, Spain, the UK) and offshore countries China, the Czech Republic and India
## Business Lines

<table>
<thead>
<tr>
<th>Business Line</th>
<th>Percentage</th>
<th>Key Points</th>
</tr>
</thead>
</table>
| Industry Solutions                         | 31%        | - EUR 143 (130) million  
- Solid demand and good profitability  
- Strongest growth in healthcare and welfare and energy |
| Enterprise Solutions                       | 15%        | - EUR 72 (67) million  
- Strong demand continued, especially in SAP  
- Profitability at a satisfactory level |
| Managed Services & Transformation          | 37%        | - EUR 172 (172) million  
- Demand still at a healthy level  
- Profitability improved slightly due to improved productivity |
| Product Engineering                        | 17%        | - EUR 81 (92) million  
- Sales down in both devices segment and the network equipment  
- Profitability strained by lower volumes and overcapacity |
Focused
Simplified
Positioned for future

Summary of Tieto’s strategy 2012-2016
launched on 20 March
Key strategic choices lead us to the future

**Reinforcing industry expertise**
Building on our long customer relationships and customer core process understanding

**Expanding to provide full life-cycle IT services**
Investments in Consulting and System Integration capabilities

**Focusing on markets where we can be in TOP 3**
Nordics as a current core market building on our strengths in Finland and Sweden
Product Engineering pursues global opportunities
Our long-term journey has begun and proceeds step by step

2012
Build the foundation

- Transition to industry driven structure
- Accelerate Consulting and System Integration expansion and Managed Services automation
- Implement competitive cost structure
- Focus on 2012 operating plan

2013-2014
Expand service scope

- Expand full life-cycle IT services in core markets
- Qualify and build future core markets
- Product Engineering Services pursues growth globally

2015-2016
Focus on future growth

- Seek growth in and beyond core markets
- Consider strategic inorganic opportunities
Competitive cost structure

Group-wide actions
- To reduce non-customer-centric work, cut overlapping tasks and improve productivity
  ~ close to half of the targeted net savings
- Utilization rate at an unsatisfactory level in some businesses
  ~ slightly over half of the targeted net savings

Negotiations expected to lead to a reduction of about 1 300 employees
- Close to 500 in Finland
- Close to 300 in Sweden and
- Around 500 in other countries

One-off costs related to the planned streamlining actions are estimated at around EUR 50 million

Target to achieve annualized net savings of EUR 50 million by 2014
Competitive cost structure

Implementation

- Runrate estimated at 100%
- One-off costs of around EUR 20 million
- Around ¼ of savings expected to materialize in 2012
- Runrate increasing gradually

2012
- One-off costs of around EUR 30 million

2013

2014
Full-year outlook for 2012 unchanged – Q2 assumes restructuring costs

- The **full-year** outlook for 2012 remains unchanged. Tieto expects its net sales to develop in line with the anticipated growth rate for the Western European IT services market, i.e. 0–2%. Full-year operating profit (EBIT) excluding one-off items is expected to be above the previous year’s level (EUR 117.1 million in 2011).

- The **second quarter** will be strained by anticipated one-off costs of around EUR 30 million. These costs are part of the total streamlining costs of EUR 50 million announced in connection with the strategy launch. Additionally, existing idle capacity of the company is expected to burden second-quarter performance. The profitability improvement attributable to the ongoing streamlining actions starts to materialize towards the end of 2012.
Knowledge.
Passion.
Results.