Tieto Q3/2014

Strong underlying operating profit and IT services order intake

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Q3 2014 in brief

Strong underlying operating profit and IT services order intake

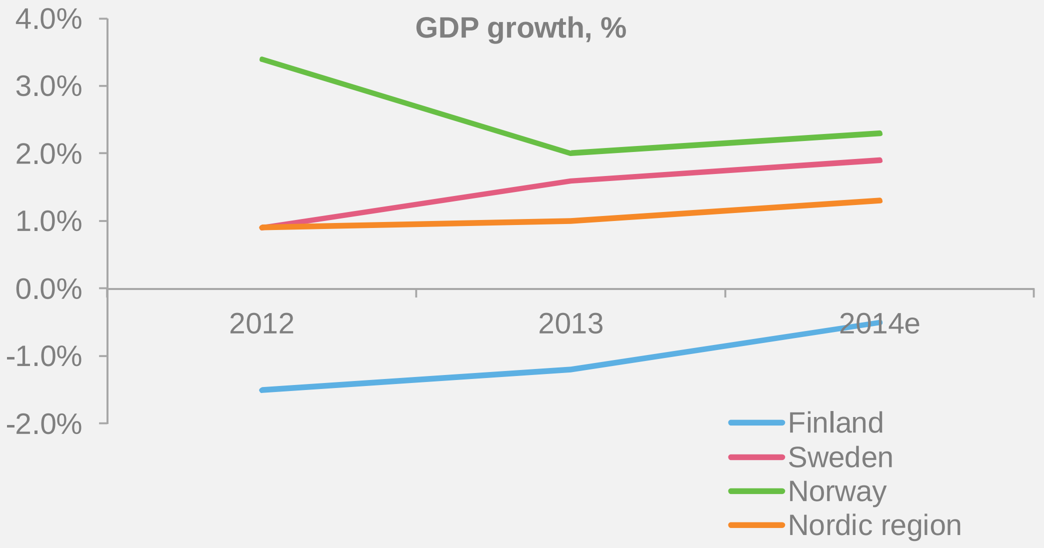
- Underlying operating margin close to 12% mainly due to continued efficiency improvement
- Strong order intake driven by the manufacturing and retail industries as well as continued strong performance in Managed Services
- In Product Development Services, capacity adjustments initiated due to the insourcing decision taken by one key customer – one-off goodwill impairment charges impacting operating profit

Nordic IT services market expected to grow

GDP estimates slightly reduced

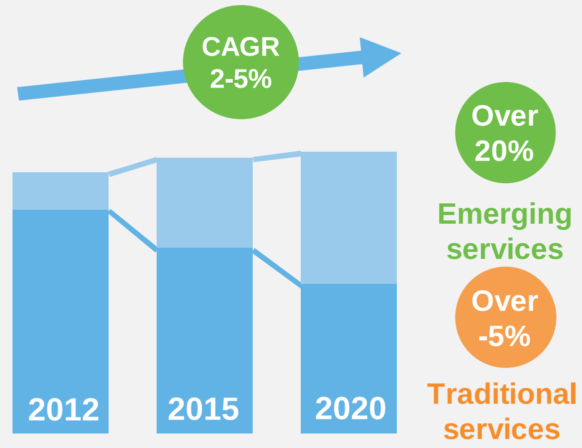
- Tieto expects the Nordic IT services market to grow by around 2% in 2014
    - Growth may slow down towards the year-end, especially in Finland
    - GDP forecasts slightly down
    - Growth in the second half may be slower than in the first half

- Digitalization drives customers' agenda
    - Double-digit growth for customer experience management, mobility and cloud services while the traditional IT services market is likely to decline
    - Demand for infrastructure and applications modernization remains high



Source: Nordea, Economic Outlook September 2014

New services contributing to growth



- Growth in services driving end-customer experience, cloud, IPR
- Decline in traditional infrastructure services and application outsourcing

Tieto's growth drivers

- Customer experience management (CEM) posting double-digit growth
- Industrial internet operations in start-up phase
- Healthcare posting 9% growth in local currencies
- Cloud services growing by 38% q-on-q, or 131% in the nine-month period

Development in traditional services follow the market trend

- Infrastructure management
- Application management

Source: Multiple sources, Tieto estimates

Financial development

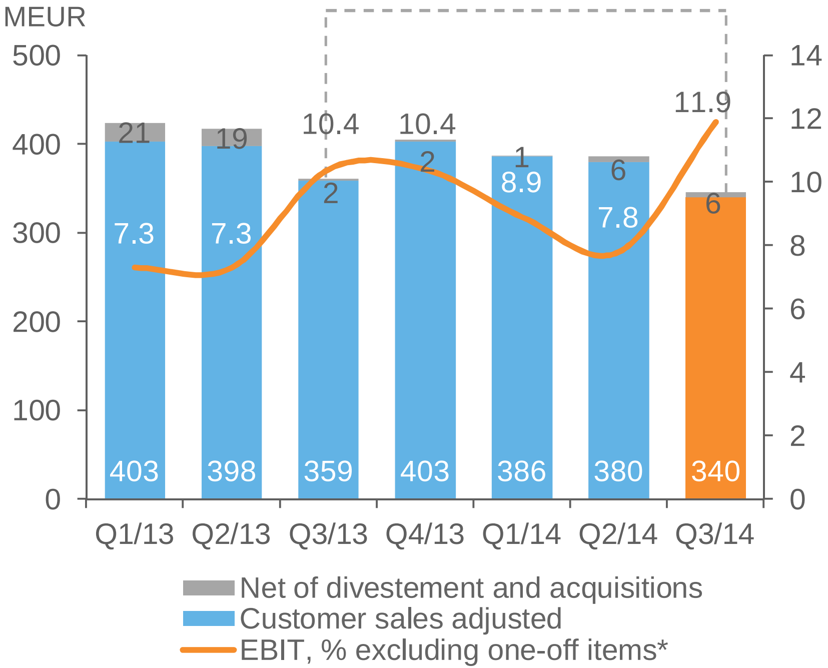
Q3 2014 key figures

Net sales
- EUR 346 (361) million, -4.1%, organic growth in local currency -2.6%
  - Divestments EUR 1 million
  - Currency EUR -9 million
- In IT services, organic growth in local currencies 1.0%

EBIT
- EBIT EUR -3.9 (24.3) million, -1.1% (6.7%)
  - EUR 5.7 million restructuring costs
  - EUR 39.6 million goodwill impairment charge
- EBIT excluding one-off items* EUR 41.3 (37.5) million, 11.9% (10.4%)

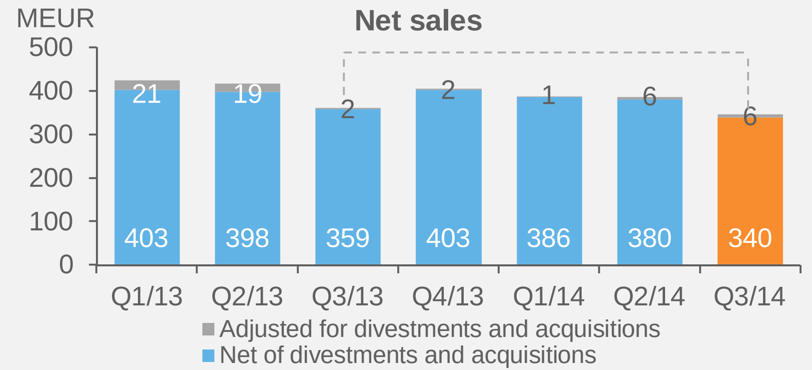
Order backlog
- Order backlog EUR 1 558 (1 421) million
- Total Contract Value EUR 395 (299) million
- Book-to-bill 1.1 (0.8)
  - In IT services 1.2 (0.7)

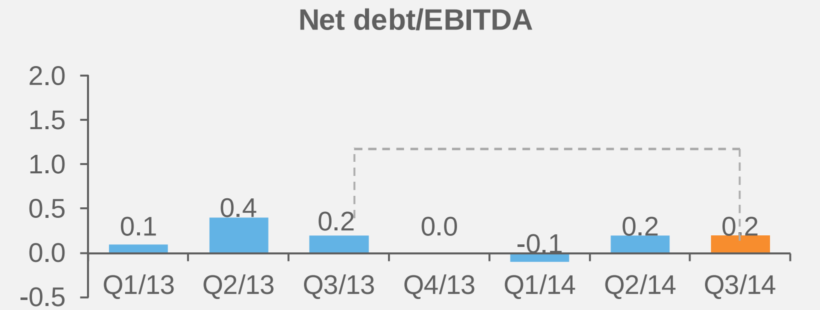
Earnings per share
- EUR -0.17 (0.25)
- EUR 0.43 (0.38), excluding one-off items*

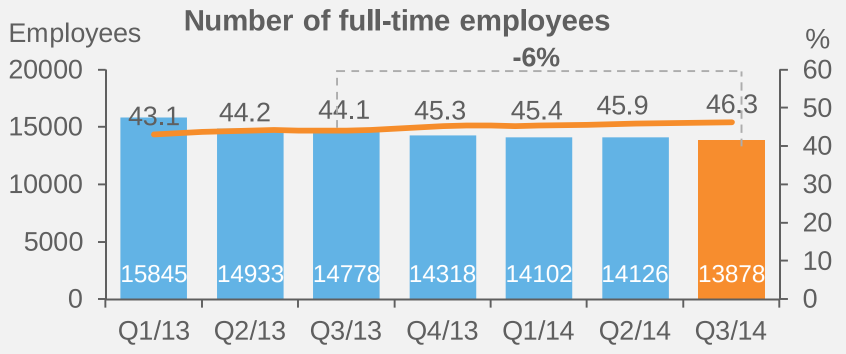


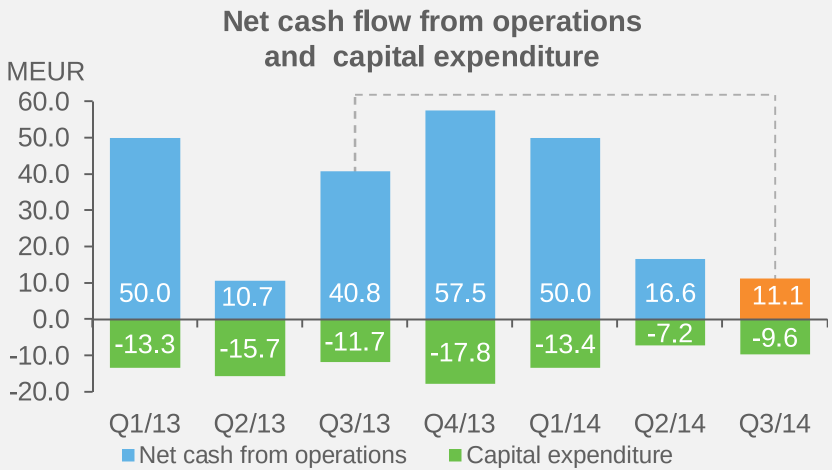
*) Excluding capital gains, impairments and restructuring costs

Quarterly development





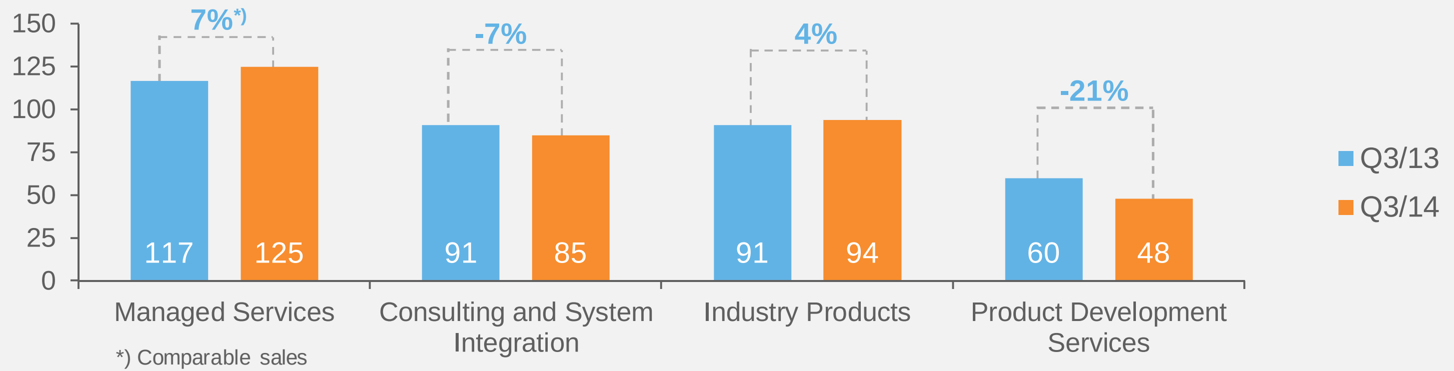




Number of personnel down by a net amount of 900
Offshore ratio: IT Services 43.5% (39.8%) PDS 61.3% (59.4%)

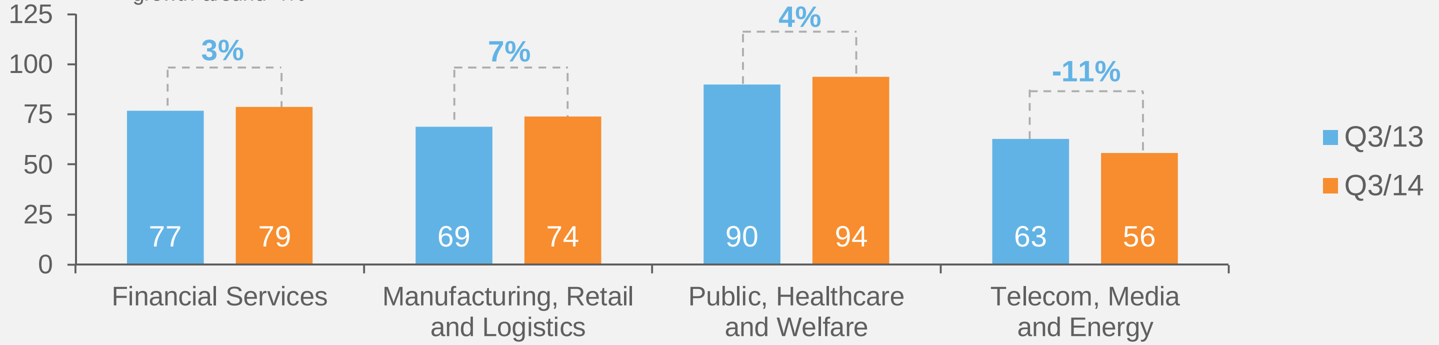
Organic growth in local currencies by Service Line and Industry Group

Service Lines



*) Comparable sales growth around 4%

Industry Groups (IT services)



Service Lines

Product Development Services

Financial Services

Manufacturing, Retail and Logistics

Public, Healthcare and Welfare

Telecom, Media and Energy

Industry Products

Consulting and System Integration

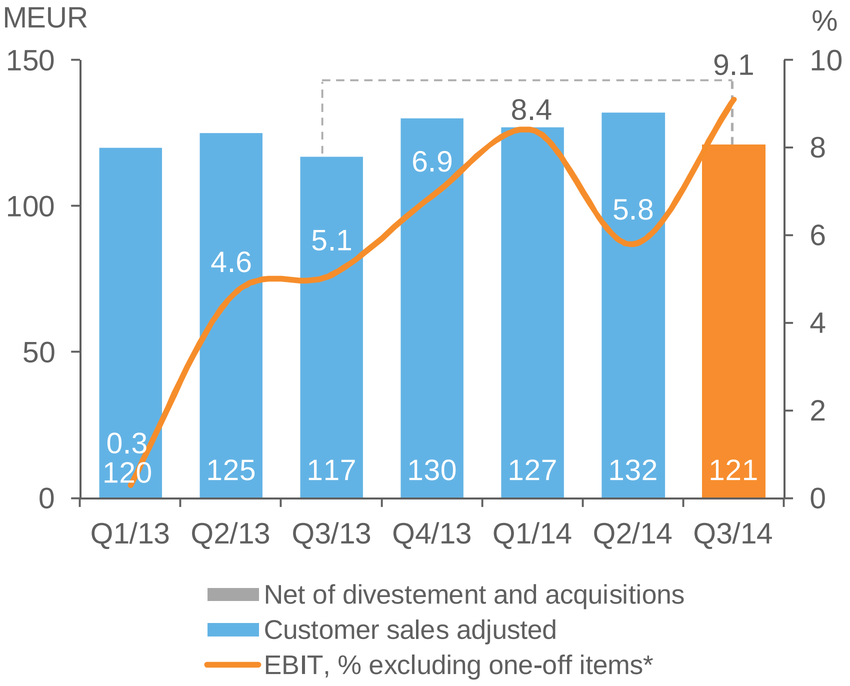
Managed Services

Managed Services

Customer sales
- EUR 121 (117) million, up by 4%
- Organic growth in local currencies 7%
- Comparable sales growth around 4% *)

EBIT
- EBIT EUR 11.0 (3.7) million, 9.0% (3.2)
- EBIT excluding one-off items*
  EUR 11.1 (6.0) million, 9.1% (5.1)

Q3 highlights
- Competitive position continued to strengthen
- The market for transforming ICT infrastructure to cloud-based environments remained strong
- Cloud services sales grew by 38% q-on-q
  - In the nine months, up by 131%
- Growth partly attributable to an internal transfer of some business in Tieto's joint venture in the finance sector *)
- Good volume development coupled with higher efficiency resulted in profitability improvement
- Seasonally high operating margin – Q4 margin is typically lower



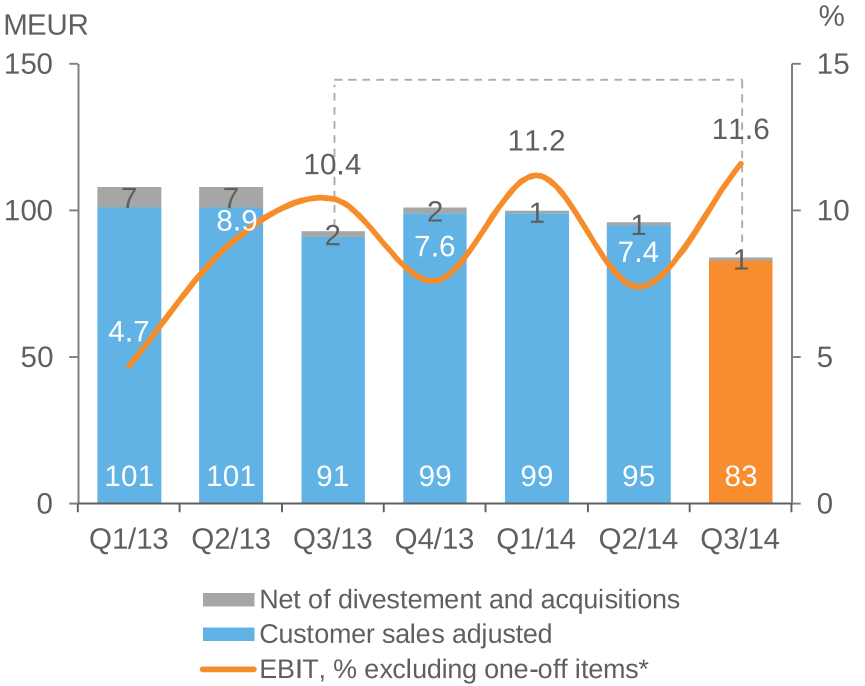
*) Excluding capital gains, impairments and restructuring costs

Consulting and System Integration

Customer sales
- EUR 84 (92) million, down by 9%
- Organic growth in local currencies -7%

EBIT
- EBIT EUR 7.2 (4.0) million, 8.6% (4.3)
- EBIT excluding one-off items*
  EUR 9.7 (9.6) million, 11.6% (10.4)

Q3 highlights
- Continued good profitability development
- Revenue mix impacted by two-fold development
  - Healthy growth in customer experience management and transformation consulting
  - Price erosion in traditional application management
- Efficiency measures improve utilization rate and operating profit
- Q3 ended with healthy book-to-bill
- New AM contracts based on industrialized processes
- Q4 affected by somewhat higher offering development costs
  - Investments in industrialization and offering development



*) Excluding capital gains, impairments and restructuring costs

Industry Products

Customer sales

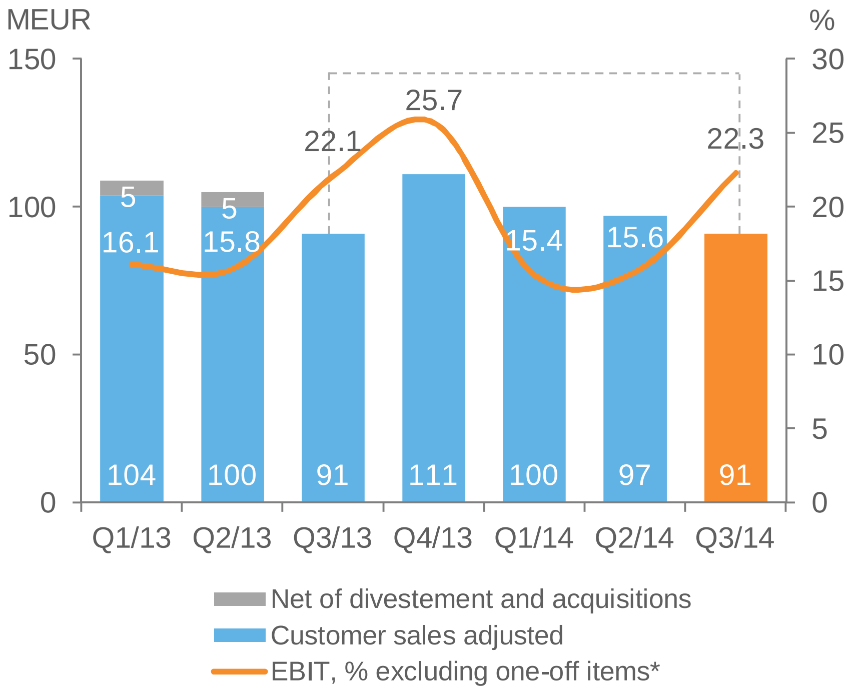
- EUR 91 (91) million, at the previous year's level
- Organic growth in local currencies 4%

EBIT

- EBIT EUR 20.3 (19.9) million, 22.4% (21.9)
- EBIT excluding one-off items*
  EUR 20.2 (20.1) million, 22.3% (22.1)

Q3 highlights

- Strong market position, strengthening in healthcare and welfare
- Healthy development in license and maintenance sales whereas interest in development and implementation of new solutions lower
- Healthy operating margin at the previous year's level – seasonally high
- Market instability in the Eastern Europe may impact FS license revenues in the near term while the overall exposure of the Group to this area is limited



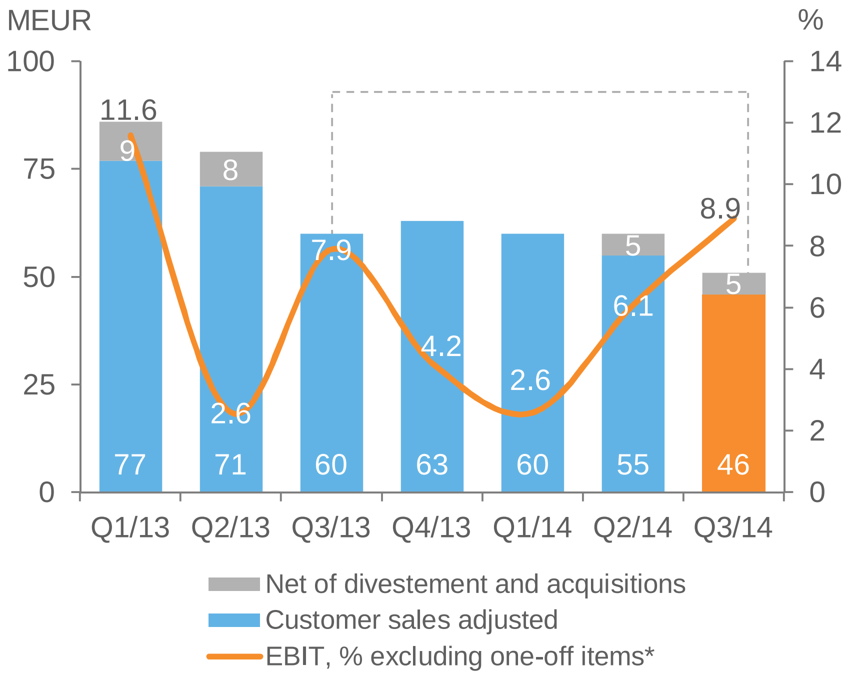
*) Excluding capital gains, impairments and restructuring costs

Product Development Services

Customer sales
- EUR 51 (60) million, down by 15%
- Organic growth in local currencies -21%

EBIT
- EBIT EUR -37.4 (3.0) million, -73% (5.0)
  - EUR 39.6 million goodwill impairment charge
- EBIT excluding one-off items*) EUR 4.6 (4.8) million, 8.9% (7.9)

Q3 highlights
- Sales continued to decrease due to some key customers' continued insourcing
- New customer wins in the semiconductor area and some new openings with existing customers in the mobile devices area still have a limited impact on financials
- Appropriate adjustment of resources continued and profitability of underlying business improved
- In Q4, high restructuring costs while improved underlying profitability
  - Operational efficiency
  - Some temporary commercial terms



*) Excluding capital gains, impairments and restructuring costs

Industry Groups

Product Development Services

Financial Services

Manufacturing, Retail and Logistics

Public, Healthcare and Welfare

Telecom, Media and Energy

Industry Product

Consulting and S

Managed Service

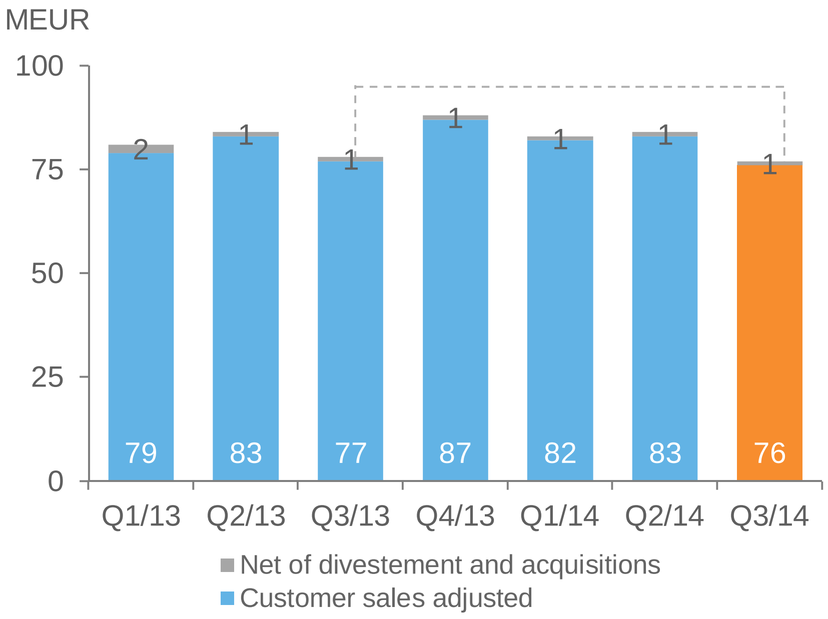
Financial Services

Customer sales
- EUR 77 (77) million, at the previous year's level
- Organic growth in local currencies 3%

Sales split by service line

	Q3/14	Q3/13
MS	46%	44%
CSI	19%	19%
IP	35%	37%

Q3 highlights
- All service lines growing
- Healthy activity level remains in both Consulting and System Integration and Managed Services
- Sales growing both in Finland and Sweden
- New major agreements with Varma and EnterCard



*) Excluding capital gains, impairments and restructuring costs

Manufacturing, Retail and Logistics

Customer sales

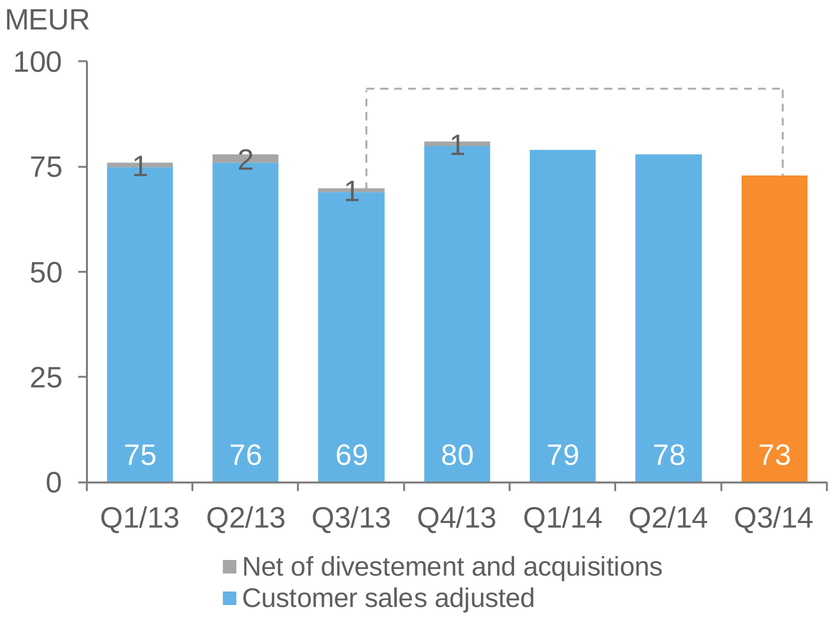
- EUR 73 (70) million, up by 5%
- Organic growth in local currencies 7%

Sales split by service line

	Q3/14	Q3/13
MS	53%	50%
CSI	37%	40%
IP	10%	10%

Q3 highlights

- Good growth attributable mainly to outsourcing activities
- Several new agreements concluded in the nine-month period reflected in strong book-to-bill in all industries
- Strong overall performance in Manufacturing and Retail segments
- Growth posted in all Nordic countries
- New major agreements with UPM and S Group



*) Excluding capital gains, impairments and restructuring costs

Public, Healthcare and Welfare

Customer sales

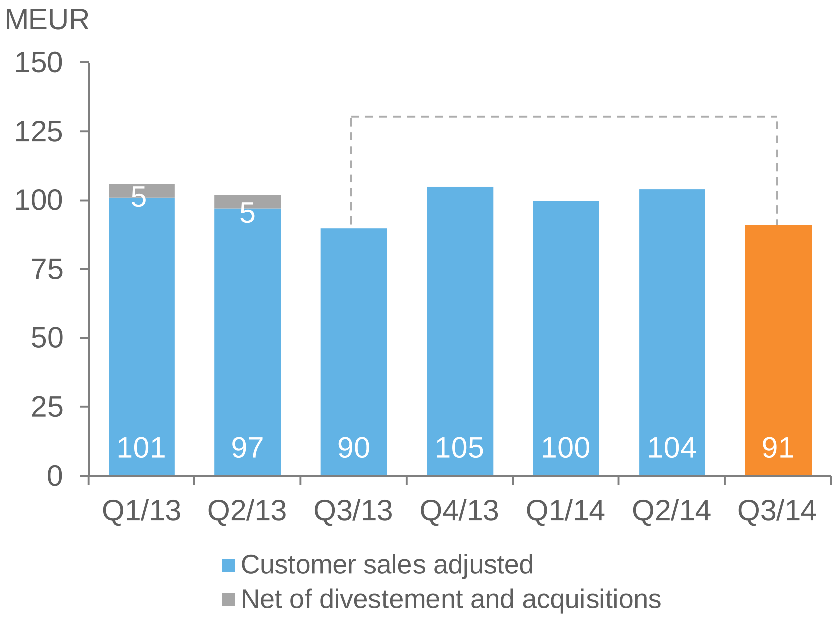
- EUR 91 (90) million, up by 1%
- Organic growth in local currencies 4%

Sales split by service line

	Q3/14	Q3/13
MS	39%	39%
CSI	22%	24%
IP	39%	37%

Q3 highlights

- Strong growth in healthcare and welfare segment and the Swedish public sector, 9% and 13% respectively
- In Finland, digitalization and deliveries related to national interoperability are proceeding
    - Around 60% of Tieto's healthcare customers in the public sector have been connected to national archive
    - In 2015, deliveries will continue in the private sector
- Several new agreements based on Hansel frame agreement in Finland



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Telecom, Media and Energy

Customer sales

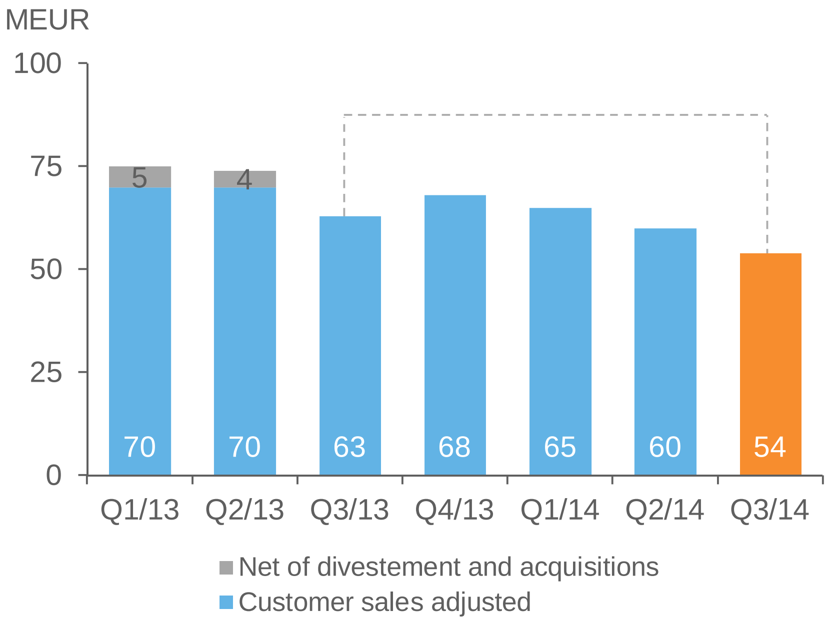
- EUR 54 (63) million, down by 14%
- Organic growth in local currencies -11%

Sales split by service line

	Q3/14	Q3/13
MS	21%	21%
CSI	41%	43%
IP	38%	36%

Q3 highlights

- Interest in starting new projects is low in all segments
- Order intake slightly increased in Q3
- In energy utilities, regulatory changes related to the harmonization in the Nordics delaying IT investments
  - Advanced metering infrastructure in Norway is progressing well with additional customer wins
- Oil&gas segment growth slightly negative due to customer reduced investment levels
- New major agreement with Vattenfall



*) Excluding capital gains, impairments and restructuring costs

Roadmap for consistent strategy execution

2012
Build the foundation

2013
Execute the structure and efficiency

2014
Reorienting for growth

- Modernizing customers' infra and apps
- Expand customer base in the Nordics
- Launch new cloud services
- Improve customer experience and quality
- Continue simplification and efficiency

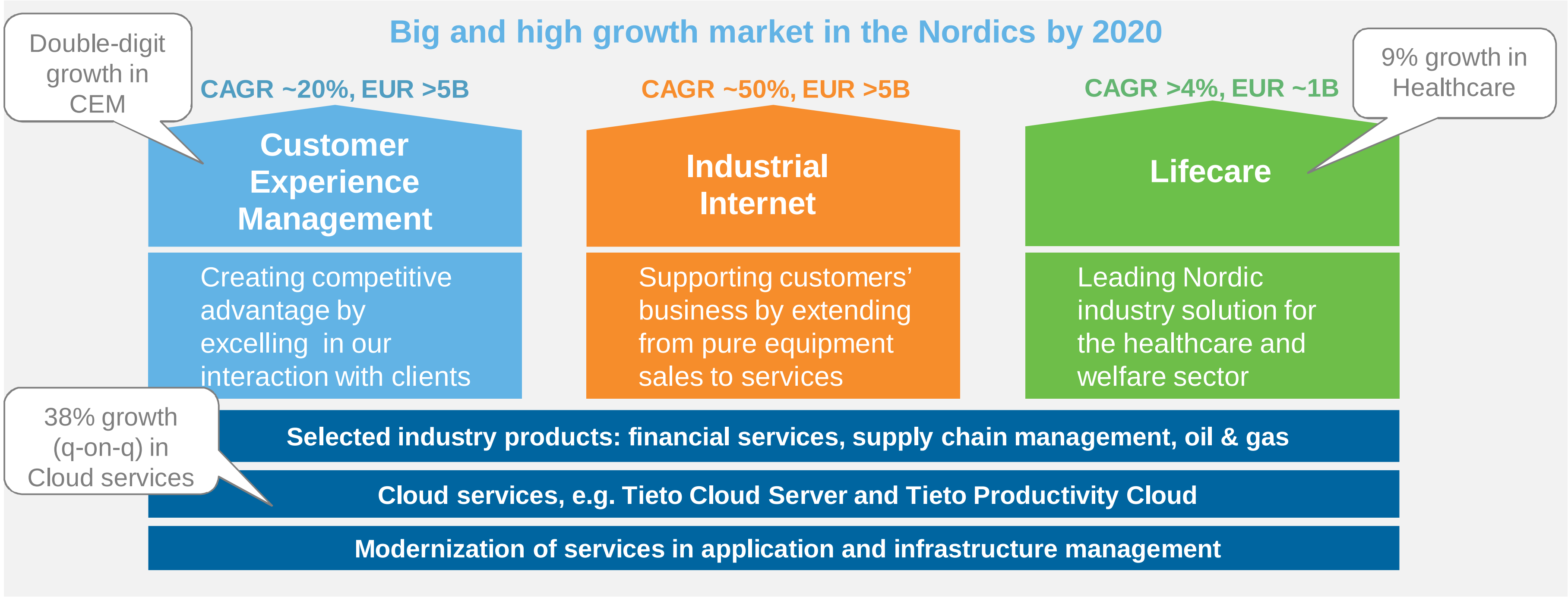
2015
Accelerate growth portfolio

- Accelerate customer renewal through digitalization
- Scale growth businesses – CEM, Industrial internet, MS cloud, IPR
- Accelerate modernization AM and Infra

2016+
Expand markets

- Expand proven growth bets beyond the Nordics
- New growth bets e.g. IPR

Investing in offerings and innovation
Estimated offering development costs in 2014 around €45-50m



Continued focus on efficiency

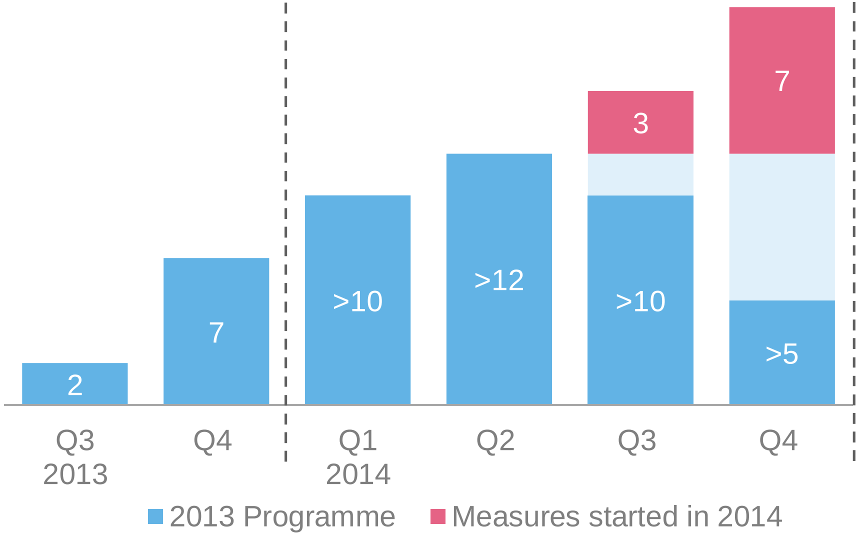
2013 programme concluded: annualized savings of over EUR 50 million

- 1 200 employees
- Restructuring costs EUR 49 million in 2013

New efficiency measures announced in 2014

- In IT services
  - 160 employees in CSI (announced in May), mainly related to competence renewal, AM industrialization and offshoring
  - Savings in 2014 EUR 5 million
- In PDS
  - 1 200 employees announced (250 in May and June, 950 in October)
  - Savings in 2014 EUR 5 million
- Restructuring costs in 2014 estimated to be in the range of EUR 45–50 million in total, of which around 2/3 in PDS
- Efficiency drivers going forward: automation, offshoring and utilization

Estimated profit improvement impact (y-on-y), EUR million



Performance drivers in 2014

- In IT services, the company aims to organically grow in line with the market
- In Product Development Services, sales anticipated to decline in the full year – 2015 will be affected by the insourcing decision made by one key customer
    - Currently, the share of the key customer in Tieto's Group sales around 5%
    - In 2014 and 2015, no major effect on total net cash flow due to the release of net working capital
    - Restructuring costs related to these measures may rise up to EUR 20 million - booked mainly in Q4
- Restructuring costs in 2014 estimated to be in the range of EUR 45–50 million in total for the company

Guidance for 2014 unchanged

Tieto expects its full-year operating profit (EBIT) excluding one-off items to increase from the previous year's level (EUR 141.2 million in 2013).

Q3 2014 in brief

Strong underlying operating profit and IT services order intake

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- Strong order intake driven by the manufacturing and retail industries as well as continued strong performance in Managed Services
- In Product Development Services, capacity adjustments initiated due to the insourcing decision taken by one key customer – one-off goodwill impairment charges impacting operating profit

Changing perspectives™

Appendix

Top 10 customers 2014

- City of Stockholm
- Ericsson
- Finnish Tax Administration
- IF Insurance
- Kesko
- Nordea
- Nokia
- OP-Pohjola Group
- S-Group
- TeliaSonera