Q3 2016 in brief

Solid profitability – well positioned for future growth and competitiveness

- Modest growth – good order intake with significant contracts won towards the end of the quarter
- Operating structure aligned with the new strategy – temporary transition impact addressed
- Investments in automation and future high-growth businesses continue
Business mix shifting towards high-growth services

Tieto’s growth ambition for IT services: Faster than the market** (CAGR 2015-2020)

- ~ 50%
- ~ 50%

2015 2020

Emerging services - software & digital* Traditional services

Sales growth in 2016–2020 (CAGR)

Industry solutions
- Cloud and modernization services
- New data-driven businesses
- Other integration and services

UP BY 10–20 %

High-growth businesses
- ~ EUR 243 million, 24% of IT services sales
- Growth 20%

Other emerging services and solutions
- ~ EUR 327 million, 33% of IT services sales
- Growth 9%

Traditional services and application services

DOWN BY 5–10%

Traditional services
- ~ EUR 433 million, 43% of IT services sales
- Down by 5%

Development 1–9’ 2016

Tieto’s growth ambition for IT services:
- Faster than the market** (CAGR 2015-2020)
- Traditional infrastructure and application services
- Traditional services
- ~ EUR 433 million, 43% of IT services sales
- Down by 5%

**Market growth expectation (CAGR) for the Nordics at 1.5–3%.

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Strong solution foundation to accelerate growth

High-growth businesses* up by 20%

Cloud Services
- 29% growth in Q3
- TECO, our automated AM platform posted healthy growth
- Annual sales 2015: EUR 80 million
- Growth: 65%

Lifecare
- 4% growth in Q3
- Some slipping to Q4
- Market opportunities across the Nordics
- Annual sales 2015: over EUR 160 million
- Growth: 6%

CEM
- Over 40% growth in Q3, driven by M&A
- Strong development, especially in Sweden
- Annual sales 2015: around EUR 30 million
- Growth: 20%

Industrial Internet
- Industrial Internet as a basis for our new Data-driven businesses
- In 2015, investments around EUR 4 million, cash flow negative

Security Services
- 18% growth based on enhanced offering portfolio - investments continue
- In 2015, Tieto’s sales in single digit millions

Additional focus
- Financial services: Banking and payments
- Energy: Smartcity
- Manufacturing: Production Excellence
- Public sector: Case management
- Oil & Gas: Hydratation accounting

*Includes five high-growth businesses and internal start-ups which represented ~20% of IT services sales in 2015
We help our customers manage their duality
At the same time, we manage ours through consistent strategy execution

Tieto’s dual agenda

Co-innovate new businesses
- Industry Solutions growth and innovation
- Technology modernization and as-a-service-models
- Disruptive data-driven businesses
- Open innovation and talent networks

Dual agenda driving customer business renewal
- Managed services industrialization
- Cognitive automation for scale
- Devops for productivity and speed
- Optimized delivery and cost structures

Renew and optimize businesses
- Growth of 3% in IT services
- Operating margin ~10%
- Book-to-bill 1.2
- Significant new contracts in Financial Services
- Latency in starting won projects in Enterprise Applications
- Temporary transition impact – addressed
- Advance license revenues in 2015 – no similar pattern in Q3/2016

Steady progress towards our ambition
- IT services revenue growth above the market (CAGR)
- 10% reported operating margin (EBIT)
- Aim is to increase dividends annually in absolute terms
- Net debt / EBITDA 1.5 as an upper limit in the long run

Q3 2016 key figures

Net sales
- EUR 341 (355) million, +1.6%, growth in local currencies +2.2%
- Acquisitions added EUR 11 million
- Divestments impacted EUR 1.6 million
- Currency EUR -1.9 million
- In IT services, sales growth 2.6%, or 3.1% in local currencies
- Organic growth in local currencies 0.1%

EBIT
- EBIT EUR 35.1 (41.4) million, 10.3% (12.4%)
- Adjusted* EBIT EUR 35.4 (38.6) million, 10.4% (11.5%)

Order backlog
- Order backlog EUR 1 722 (1 864) million
- Total Contract Value EUR 406 (490) million
- Book-to-bill 1.2 (1.5)

Earnings per share
- EPS EUR 0.37 (0.40)
- EPS EUR 0.38 (0.38), adjusted

Net of divestment and acquisitions
Customer sales adjusted
Adjusted* EBIT, %

*1) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
Quarterly development

Net of divestment and acquisitions
Customer sales adjusted

Number of full-time employees and offshore ratio

Number of personnel up by a net amount of 580

Offshore ratio: IT services 45.9% (44.4%) PDS 62.5% (58.2%)

Net debt/EBITDA

Net cash flow from operations and capital expenditure

Growth in local currencies by Service Line and Industry Group

 *) Organic growth in local currencies (not shown for businesses where acquisition impact is not significant)
Service Lines

New
data-driven
businesses

Financial Services

Public, Healthcare
and Welfare

Industrial and
Consumer Services

Business consulting & implementation

Industry solutions

Technology Services and Modernization

Product Development Services

Customer sales in Q3
- EUR 179 (177) million, +1%, growth of 1% in local currencies

EBIT
- EBIT EUR 24.2 (22.9) million, 13.5% (12.9)
- Adjusted* EBIT EUR 24.0 (23.4) million, 13.4% (13.2)

Q3 highlights
- Cloud sales up by 29% in Q3, representing 22% of infrastructure services
- Strong growth in shared, standardized workspace services
- Positive effect from automation partly offset by
  - Price reductions in some large agreements
  - Debt restructuring of one customer
- Significant agreements won during the quarter
- Automation initiatives proceeding
- Q3 seasonally strongest, Q4 margin expected to be at or above the first-half level

* adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
**Business Consulting & Implementation**

Customer sales Q3
- EUR 30 (28) million, +5%, growth of 5% in local currencies
- Organic growth in local currencies -6%

EBIT
- EBIT EUR -0.2 (-0.5) million, -0.6% (-1.6)
- Adjusted* EBIT EUR -1.5 (0.0) million, -4.9% (-0.1)

Q3 highlights
- Growth supported by acquisitions of Smilehouse and Imano
- Demand strongest in Customer Experience Management and consulting services
- Organic growth challenged due to short-term decline in Enterprise Applications (latency in starting won projects)
- Significant agreements won during the quarter
- Q3 seasonally low profit while further impact by temporarily higher free capacity in Enterprise Applications and investments in CEM
- Clear improvement expected for Q4 – revenue and operating margin is anticipated to exceed Q4/2015 level

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**Industry Solutions**

Customer sales Q3
- EUR 106 (101) million, +4%, growth of +5% in local currencies
- Organic growth in local currencies -1%

EBIT
- EBIT EUR 13.0 (22.7) million, 12.3% (22.3)
- Adjusted* EBIT EUR 13.2 (16.6) million, 12.5% (16.4)

Q3 highlights
- Good growth continued in Public, Healthcare and Welfare, organically up by 6%
- Sales affected by the acquisition of Software Innovation and Emric – and the divestment of Lean System
- Organic growth affected by unfavourable timing of licence sales
  - LifeCare growth 4%, some slipping to Q4
  - In Financial Services high comparison number: Q3/2015 included EUR 2 million advance licence sales
- Offering development for high-growth businesses up by EUR 3 million
- Strong Q4 expected – healthy revenue growth and profit margin at or above Q4/2015 level

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Product Development Services

Customer sales Q3
- EUR 26 (29) million, -9%, decline of 8% in local currencies

EBIT
- EBIT EUR 1.7 (0.6) million, 6.4% (2.1)
- Adjusted* EBIT EUR 1.7 (1.8) million, 6.5% (6.2)

Q3 highlights
- Business with key customers progressing as expected
- Sales decline due to a few expected end-of-life projects
- Sales and profit margin affected by project ramp-ups
- Healthy cost structure for the existing business, Q3 typically seasonally weaker
- New customer acquisition proceeding and opening up new growth opportunities
- Q4 performance anticipated to follow the previous year’s trend

*) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items

Industry Groups

Business consulting & implementation
Industry solutions
Technology Services and Modernization
Product Development Services

New data-driven businesses *

<table>
<thead>
<tr>
<th>MEUR</th>
<th>Q1/15</th>
<th>Q2/15</th>
<th>Q3/15</th>
<th>Q4/15</th>
<th>Q1/16</th>
<th>Q2/16</th>
<th>Q3/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net of divestment and acquisitions</td>
<td>14.0</td>
<td>9.6</td>
<td>6.2</td>
<td>9.4</td>
<td>11.1</td>
<td>8.5</td>
<td></td>
</tr>
<tr>
<td>Customer sales adjusted</td>
<td>47</td>
<td>33</td>
<td>29</td>
<td>33</td>
<td>29</td>
<td>31</td>
<td>26</td>
</tr>
<tr>
<td>Adjusted* EBIT, %</td>
<td>6,5</td>
<td>6,2</td>
<td>9,4</td>
<td>8,4</td>
<td>11,1</td>
<td>8,5</td>
<td></td>
</tr>
</tbody>
</table>

*Reported in Industry Solutions
Financial Services

Customer sales Q3
- EUR 88 (83) million, +6%, growth of 7% in local currencies

Sales split by service line

<table>
<thead>
<tr>
<th></th>
<th>Q3/2016</th>
<th>Q3/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSM</td>
<td>60%</td>
<td>59%</td>
</tr>
<tr>
<td>BCI</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>IS</td>
<td>35%</td>
<td>37%</td>
</tr>
</tbody>
</table>

Q3 highlights
- Growth driven by new projects driving IT efficiency and digital services, especially in Finland
- Acquisition of Emnic concluded in Q3
- For industry solutions, comparison number was exceptionally high as the third quarter of 2015 included around EUR 2 million in advanced licence sales
- Agreement with Folksam, one of the largest insurance companies in Sweden

Public, Healthcare and Welfare

Customer sales Q3
- EUR 106 (98) million, +8%, growth of 8% in local currencies
- Organic growth in local currencies 4%

Sales split by service line

<table>
<thead>
<tr>
<th></th>
<th>Q3/2016</th>
<th>Q3/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSM</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td>BCI</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>IS</td>
<td>45%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Q3 highlights
- Strong 19% growth in industry solutions, organically up by 6%
- Sales supported by the acquisition of Software Innovation
- Transition projects in infrastructure services in Finland contributed to growth
- Strong licence sales in Software Innovation business while Lifecare growth 4% - impacted by some slipping to Q4
Industrial and Consumer Services

Customer sales Q3
- EUR 121 (126) million, -4%, decline of 4% in local currencies

Sales split by service line

<table>
<thead>
<tr>
<th></th>
<th>Q3/2016</th>
<th>Q3/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSM</td>
<td>63%</td>
<td>64%</td>
</tr>
<tr>
<td>BCI</td>
<td>15%</td>
<td>14%</td>
</tr>
<tr>
<td>IS</td>
<td>23%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Q3 highlights
- Sales affected by the acquisition of Imano and Smilehouse
- Sales were down due to anticipated lower project business volumes for one Telecom customer and the expiry of one outsourcing contract in Media
- Positive development in the energy utilities and manufacturing segment continued
- Significant agreements with Kesko, S Group and Lyse

Performance drivers 2016

<table>
<thead>
<tr>
<th>Full year – IT services</th>
<th>1–9/2016 – IT services</th>
<th>End of year dynamics</th>
</tr>
</thead>
<tbody>
<tr>
<td>We aim to grow faster than the market, growth supported by acquisitions</td>
<td>Growth of 5%, organically 2%</td>
<td>Healthy growth</td>
</tr>
<tr>
<td>Automation and industrialization expected to result in savings of around 30 mEUR in total</td>
<td>Savings amounted to 25 mEUR</td>
<td>5 mEUR / qtr + additional productivity gains</td>
</tr>
<tr>
<td>Growth initiatives supported by recruitments and higher offering development</td>
<td>Increase in net recruitments: 18 mEUR (9 mEUR in Q3) Offering development costs up by 9 mEUR</td>
<td>Recruitment peak in Q2, limited new hires Investment pace slightly slower</td>
</tr>
</tbody>
</table>

Anticipated restructuring less than 1% of sales
Restructuring costs 0.6% of sales

Performance drivers in IT services in 2016

Adjusted EBIT 2015
adjusted EBIT 2016
Sales growth and business mix change
Growth investments
Salary inflation
Automation and industrialization and other productivity gains

Savings amounted to 25 mEUR
Increase in net recruitments: 18 mEUR (9 mEUR in Q3) Offering development costs up by 9 mEUR
Recruitment peak in Q2, limited new hires Investment pace slightly slower
We implement the strategy in phases

2012

2016

2017

2018

2019

2020

Accelerate capabilities in Sweden and industry solutions
- Accelerate capabilities and growth in Sweden
- Implement new structure and operating model
- Invest into SIAM®, service productization and cognitive automation
- Expand selected industry solutions internationally
- Pilot data-driven businesses

Drive innovation and selective market entry
- Scale chosen industry solutions internationally
- Accelerate and commercialize data-driven businesses
- Operationalize open talent networks and innovation ecosystem
- Standardize service architectures and cognitive automation

Actively expand internationally
- Expand productized services internationally
- Drive large-scale expansion to adjacent markets

Guidance for 2016 unchanged

Tieto expects its full-year adjusted operating profit*) (EBIT) to increase from the previous year’s level (EUR 150.8 million in 2015).

Based on European Securities and Markets Authority (ESMA) regulation, Tieto will report adjusted operating profit in 2016

*) Adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
Q3 2016 in brief

Solid profitability – well positioned for future growth and competitiveness

- Modest growth – good order intake with significant contracts won towards the end of the quarter
- Operating structure aligned with the new strategy – temporary transition impact addressed
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