Q4 2018
Solid performance in the fourth quarter with strong growth and cash flow

Kimmo Alkio, President and CEO
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Tanja Lounevirta, Head of IR
Q4 2018 in brief

Solid performance in the fourth quarter with strong growth and cash flow

› Growth in local currencies 5% in the fourth quarter, 7% for the full year
› Fourth-quarter operating margin 11%, long-term target of 10% reached for the full year
› Dividend of EUR 1.45 proposed
› New strategy launched and financial objectives upgraded
2018 as a continuation of our multi-year performance improvement
2018 key figures

Full-year net sales up by 4%
› EUR 1 600 (1 543) million
› Growth in local currency 7%
› Organic growth in local currencies 4%

Full-year EBIT
› EBIT EUR 154.7 (139.1) million, 9.7% (9.0%) growth
› Adjusted\(^{1}\) EBIT EUR 162.8 (161.4) million, 10.2% (10.5%) growth
  › Investments in offering development up by EUR 6 million, of which EUR 3.6 million capitalized
  › Currency impact EUR 8 million
  › Includes EUR 5.2 (4.3) million in amortization of acquisition-related intangible assets

Dividend proposal
› Proposed dividend EUR 1.45 per share
  › Base dividend EUR 1.25 (1.20)
  › Additional dividend EUR 0.20 (0.20)
› Dividend yield 6.1%

\(^{1}\) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
\(^{2}\) Additional dividend
\(^{3}\) Base dividend
The Nordic IT market remains highly dynamic

› Increasing investments for new data-rich services and differentiating experiences

› Hybrid infrastructure as a foundation in customers’ business continuity and renewal

› Uncertainty in macroeconomic trends

› Tieto expects the Nordic IT services market to grow by 2–3% in 2019
Q4 2018 key figures

Net sales up by 3%
› EUR 421.9 (409.6) million
› Growth in local currencies 5%
› Organic growth in local currencies 3%

EBIT margin 10.8% (11.7%)
› EBIT EUR 45.7 (47.9) million
› Adjusted1) EBIT EUR 49.8 (49.2) million, 11.8% (12.0%)
   › Includes EUR 1.2 (1.2) million in amortization of acquisition-related intangible assets
   › EUR 1.9 million of offering development costs capitalized

Order backlog EUR 1,698 (1,849) million
› Negative currency impact
› Order backlog provides support for the 2019 growth ambition
› Book-to-bill 1.3 (1.3)
Two-fold development with strong growth in growth services and continued decline in infrastructure services

WE AIM TO GROW FASTER THAN THE MARKET*

SHARE OF IT SERVICES 2018

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Share 2018</th>
<th>Growth 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth businesses**</td>
<td>41%</td>
<td>7%</td>
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<tr>
<td>Other services and solutions***</td>
<td>17%</td>
<td>19%</td>
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<tr>
<td>Traditional services</td>
<td>42%</td>
<td>1%</td>
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</table>

GROWTH 2018

- Application services growth in local currencies 7%, incl. in traditional services
- Growth solution portfolio described on the next slide
- Including Avega

*IT market growth expectation (CAGR 2015–2020) for the Nordics at 2–3%
Investments supporting continuous renewal and growth
Up by 7% in local currencies in 2018

Selected industry solutions +3%

Customer Experience Management +16%
Data-Driven Businesses +120%
Cloud services +15%
Security services +16%

Lifecare
Credit solutions
Production excellence
Hydrocarbon management

Payments
Case management
SmartUtilities
Quarterly development

Net sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net of divestment and acquisitions</th>
<th>Customer sales adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/17</td>
<td>1</td>
<td>392</td>
</tr>
<tr>
<td>Q2/17</td>
<td>2</td>
<td>384</td>
</tr>
<tr>
<td>Q3/17</td>
<td>2</td>
<td>353</td>
</tr>
<tr>
<td>Q4/17</td>
<td>2</td>
<td>408</td>
</tr>
<tr>
<td>Q1/18</td>
<td>13</td>
<td>393</td>
</tr>
<tr>
<td>Q2/18</td>
<td>12</td>
<td>392</td>
</tr>
<tr>
<td>Q3/18</td>
<td>9</td>
<td>358</td>
</tr>
<tr>
<td>Q4/18</td>
<td>11</td>
<td>411</td>
</tr>
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</table>

Net debt/EBITDA

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net debt/EBITDA</th>
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</thead>
<tbody>
<tr>
<td>Q1/17</td>
<td>0,2</td>
</tr>
<tr>
<td>Q2/17</td>
<td>0,9</td>
</tr>
<tr>
<td>Q3/17</td>
<td>0,8</td>
</tr>
<tr>
<td>Q4/17</td>
<td>0,8</td>
</tr>
<tr>
<td>Q1/18</td>
<td>1,0</td>
</tr>
<tr>
<td>Q2/18</td>
<td>1,0</td>
</tr>
<tr>
<td>Q3/18</td>
<td>0,7</td>
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<tr>
<td>Q4/18</td>
<td></td>
</tr>
</tbody>
</table>

Number of full-time employees and offshore ratio

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Number of personnel</th>
<th>Offshore ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/17</td>
<td>13822</td>
<td>0,2</td>
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<tr>
<td>Q2/17</td>
<td>13754</td>
<td>0,9</td>
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<tr>
<td>Q3/17</td>
<td>13851</td>
<td>0,8</td>
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<tr>
<td>Q4/17</td>
<td>14329</td>
<td>0,8</td>
</tr>
<tr>
<td>Q1/18</td>
<td>14581</td>
<td>0,7</td>
</tr>
<tr>
<td>Q2/18</td>
<td>14956</td>
<td>0,7</td>
</tr>
<tr>
<td>Q3/18</td>
<td>15105</td>
<td>1,0</td>
</tr>
<tr>
<td>Q4/18</td>
<td>15190</td>
<td>1,0</td>
</tr>
</tbody>
</table>

Net cash flow from operations and capital expenditure

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net cash from operations</th>
<th>Capital expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/17</td>
<td>-9,3</td>
<td>-16,9</td>
</tr>
<tr>
<td>Q2/17</td>
<td>-10,8</td>
<td>-11,6</td>
</tr>
<tr>
<td>Q3/17</td>
<td>66,6</td>
<td>-8,2</td>
</tr>
<tr>
<td>Q4/17</td>
<td>61,5</td>
<td>-11,4</td>
</tr>
<tr>
<td>Q1/18</td>
<td>12,3</td>
<td>-8,7</td>
</tr>
<tr>
<td>Q2/18</td>
<td>18,7</td>
<td>-16,7</td>
</tr>
<tr>
<td>Q3/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q4/18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Number of personnel up by a net amount of 861
Offshore ratio: IT services 48.2% (46.2%) PDS 71.5% (69.8%)
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 *)
- Industry Solutions
  - Financial Services
  - Public, Healthcare and Welfare
  - Industrial and Consumer Services

- Business Consulting and Implementation
- Technology Services and Modernization
- Product Development Services
- Support Functions

*) Reported in Industry Solutions
Technology Services and Modernization

Customer sales in Q4
› EUR 190 (190) million, growth at Q4 2017 level, or +2% in local currencies

EBIT
› Adjusted\(^1\) EBIT EUR 24.8 (24.3) million, 13.0% (12.8)

Q4 highlights
› Growth (in local currencies) driven by infrastructure cloud and application services – up by 15% and 7% in full year, respectively
› Decline in traditional infrastructure services continued, down by 3% in full year
› Operating margin somewhat improved, mainly owing to good Application Services development
› Q1 adjusted operating margin is anticipated to be below Q1/2018 level, which was supported by the efficiency programme

\(^1\) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
Business Consulting and Implementation

Customer sales Q4
› EUR 67 (54) million, +24%, or +27% in local currencies
› Organic growth in local currencies +9%

EBIT
› Adjusted\(^1\) EBIT EUR 5.5 (4.3) million, 8.2% (8.1)

Q4 highlights
› Growth supported by the acquisition of Avega and Meridium
› Organic growth driven by CEM
› Adjusted operating profit improved, mainly due to good volume development and the acquisitions
› Q1 adjusted operating margin is anticipated to be at or above Q1/2018 level

\(^1\) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
Industry Solutions

Customer sales Q4
› EUR 129 (133) million, -3%, or -1% in local currencies
› Organic growth in local currencies 1%

EBIT
› Adjusted\(^1\) EBIT EUR 20.4 (20.8) million, 15.8% (15.7)

Q4 highlights
› Strong growth in Hydrocarbon Management and Payments solutions
› Architectural renewal continued to affect SmartUtilities
› Lifecare growth somewhat affected by the reform in the Finnish healthcare segment and the solution renewal
› Technology renewal continues in selected solutions
› Offering development costs up by EUR 3 million as planned
› EUR 1.9 million related to platform development capitalized
› Q1 adjusted operating margin expected to be close to Q1/2018 level

\(^1\) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
Product Development Services

Customer sales Q4
› EUR 36 (34) million, +6%, or +10% in local currencies

EBIT
› Adjusted\(^1\) EBIT EUR 3.7 (3.5) million, 10.1% (10.1)

Q4 highlights
› Strong volume development with the largest key customers and good development in automotive
› EBIT margin remained at a healthy level while improvement somewhat curbed by negative currency effects
› Q1 adjusted operating margin is anticipated to be below Q1/2018 level

\(^1\) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items
Industry Groups

New data-driven businesses *)

Industry Solutions

Financial Services

Public, Healthcare and Welfare

Industrial and Consumer Services

Business Consulting & Implementation

Technology Services and Modernization

Product Development Services

*) Reported in Industry Solutions
Financial Services

Customer sales Q4
› EUR 98 (100) million, -2%, growth in local currencies at Q4 2017 level

Sales split by service line

<table>
<thead>
<tr>
<th></th>
<th>Q4/2018</th>
<th>Q4/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSM</td>
<td>54%</td>
<td>55%</td>
</tr>
<tr>
<td>BCI</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>IS</td>
<td>36%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Q4 highlights
› Sales affected by large customers' transformation programmes and price erosion
› Positive development in Industry Solutions with strong growth in the Payments area
› New agreements include If Insurance and EnterCard
Public, Healthcare and Welfare

Customer sales Q4
› EUR 144 (135) million, +6%, or +9% in local currencies

Sales split by service line

<table>
<thead>
<tr>
<th>Service</th>
<th>Q4/2018</th>
<th>Q4/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSM</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td>BCI</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>IS</td>
<td>43%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Q4 highlights
› Healthy development across the markets and businesses
› Lifecare growth somewhat affected by the ongoing reform in the Finnish healthcare segment
› Active market with several digitalization initiatives and transition projects ongoing
› New agreements include Region Skåne
Industrial and Consumer Services

Customer sales Q4
› EUR 144 (140) million, +3%, or +4% in local currencies
› Organic growth in local currencies -1%

Sales split by service line

<table>
<thead>
<tr>
<th></th>
<th>Q4/2018</th>
<th>Q4/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSM</td>
<td>52%</td>
<td>54%</td>
</tr>
<tr>
<td>BCI</td>
<td>26%</td>
<td>21%</td>
</tr>
<tr>
<td>IS</td>
<td>22%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Q4 highlights
› Growth supported by the acquisition of Avega
› Healthy growth especially in Hydrocarbon Management whereas sales development in SmartUtilities negative due to the ongoing large-scale renewal
› New agreements include SSAB and Volvo Car Dealers
Performance drivers in 2019

› Growth above the market

› Offering development costs around 5% of Group sales

› Efficiency and productivity improvement measures, incl. automation, optimized subcontracting, offshoring, management of competence pyramid

› Salary inflation over EUR 30 million

› New strategy to enhance competitiveness launched
  › Operational simplification anticipated to affect around 700 roles globally
  › Annualized gross savings of EUR 30–35 million, partially affecting performance in 2019
Guidance for 2019

Tieto expects its full-year adjusted\(^1\) operating profit (EBIT) to increase from the previous year’s level (EUR 168.0 million\(^2\) in 2018)

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\(^1\) adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability

\(^2\) not restated for IFRS 16
Q4 2018 in brief

Solid performance in the fourth quarter with strong growth and cash flow

› Growth in local currencies 5% in the fourth quarter, 7% for the full year

› Fourth-quarter operating margin 11%, long-term target of 10% reached for the full year

› Dividend of EUR 1.45 proposed

› New strategy launched and financial objectives upgraded