Q4 2019

Strong fourth-quarter performance – integration of TietoEVRY progressing well

Kimmo Alkio, President and CEO
Tomi Hyryläinen, CFO
Per Hove, former CEO EVRY
Outline

• CEO opening
• TietoEVRY summary
• Tieto Q4 and 2019
• EVRY Q4 and 2019
• CFO report
• Integration status
• Guidance 2020
Q4 in brief

Strong fourth-quarter performance – integration of TietoEVRY progressing well

• Merger to create a leading Nordic digital services company completed in the fourth quarter

• Tieto stand-alone: revenue growth 2%, adjusted operating margin over 13% - healthy performance driven by Hybrid Infra

• EVRY stand-alone: revenue growth 4%, adjusted operating margin over 13% and strong order backlog in Financial Services

• Dividend proposal EUR 1.27 per share
Our value proposition & strategy

Creating digital advantage for businesses and society

We are the backbone of the Nordic society, transforming businesses with expertise, technology and data, to harness the biggest opportunities of our time.

<table>
<thead>
<tr>
<th>Services focus</th>
<th>Nordic</th>
<th>International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Consulting</td>
<td>![Icon]</td>
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<tr>
<td>Cloud &amp; Infra</td>
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<td>Industry-specific software</td>
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<td>Financial Services Solutions</td>
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<tr>
<td>Product Development Services (PDS)</td>
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</tbody>
</table>

- Drive competitiveness of Nordic enterprises and public sector
- Accelerate digital consulting and cloud services to realize customers digital agenda
- Industry Software and Financial Services leading international expansion
- PDS expands its global customer base across industries

Note: Other businesses in the portfolio include a) local businesses in Austria, Latvia, Lithuania, Estonia, Russia and b) non-Nordic customers served from India and Ukraine, with own go-to-market
The Nordic IT market remains dynamic

TietoEVRY expects the Nordic IT services market to grow by 2–3% in 2020

New services built around data and design, cloud adoption, multi-cloud management and automation is anticipated to grow in double digits

Business continuity and efficiency continue to be of high importance
A leading community for digital professionals

- Building the company culture on Nordic heritage and values of openness, trust and diversity
- Combined recruitment in 2019 of over 4,800 new professionals – over 2,000 in the Nordics
- Continued priority to be an attractive company, aiming to be the best opportunity to grow and learn
- Our work for diversity and inclusion received external recognitions
  - Among the top 3 of global tech companies in Equileap's 2019 Global Gender Equality Ranking
  - TietoEVRY was also listed on the 2020 Bloomberg Gender-Equality Index (GEI)
  - EVRY’s listing as Norway’s best technology company for women by the SHE Index
### Official reported financials*

*IFRS*

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019</th>
<th>FY 2019</th>
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</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>€ 543m</td>
<td>€ 1.734m</td>
</tr>
<tr>
<td>Growth</td>
<td>28.7%</td>
<td>8.4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>€ 31.5m</td>
<td>€ 124.2m</td>
</tr>
<tr>
<td>EBIT %</td>
<td>5.8%</td>
<td>7.2%</td>
</tr>
<tr>
<td>EBIT Adj.**</td>
<td>€ 71.4m</td>
<td>€ 196.4m</td>
</tr>
<tr>
<td>EBIT Adj.%**</td>
<td>13.1%</td>
<td>11.3%</td>
</tr>
</tbody>
</table>

The board proposes a dividend at EUR 1.27

Representing a dividend yield of 4.6%

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* EVRY consolidated from 5 December 2019

**Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability
Q4 stand-alone performance

**Tieto**

Healthy growth in Hybrid Infra and Industry Software

- **Revenue** € 423m
- **EBIT Adj.*** € 57m
- **Backlog** €1 642m
- **Growth**** 2%
- **EBIT Adj.%** 13.5%

**EVRY**

Solid growth and EBIT margin

- **Revenue** € 355
- **EBIT Adj.*** € 48m
- **Backlog** € 1 998m
- **Growth**** 4%
- **EBIT Adj.%** 13.4%

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*Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability

** Local Currency

*** Organic growth
Tieto stand-alone performance
Tieto Q4 - main highlights

• Healthy growth in Hybrid Infra and Industry Software with 5% and 4% growth, respectively

• Continued adjusted operating margin improvement to over 13% driven by strong performance from Hybrid Infra at 16%

• Successful execution of the strategy and efficiency program supported profit expansion
Tieto multi-year performance improvement

CUSTOMER EXPERIENCE / NPS

REVENUE GROWTH

DIVIDEND/SHARE, EUR

EMPLOYEE ENGAGEMENT SCORE

ADJUSTED EBIT

NET CASH FLOW FROM OPERATIONS

* IFRS 16 2019 impact
Tieto Q4 2019 key figures

Revenue up by 0.3%
› EUR 423.0 (421.9) million
› Growth in local currencies 2%
› Organic growth in local currencies 2%

Adjusted EBIT margin 13.5% (12.1%)
› EBIT EUR 31.9 (45.7) million, 7.6% (10.8%)
   › Includes EUR 25.3 million* in adjusted items
› Adjusted** EBIT EUR 57.2 (51.0) million, 13.5% (12.1%)

Order backlog EUR 1 642 (1 698) million

* excludes EUR 3.2 million PPA amortization from TietoEVRY merger.
** adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability
Digital Experience

Revenue Q4
› EUR 123 (130) million
› Down by 6%, or 4% in local currencies

EBIT
› Adjusted\(^1\) EBIT EUR 15.5 (19.0) million, 12.7% (14.6)

Q4 highlights
› Application Services continued to be impacted by one large customer insourcing
› Contract transfer to a joint venture had a negative impact of over 1%-point on growth
› Adjusted operating margin was affected by decline in sales and a significant project over-run
› In Q120 adjusted operating margin is anticipated to be below Q1/2019 level

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

Revenue in Q4
› EUR 137 (133) million
› Up by 3%, or 5% in local currencies

EBIT
› Adjusted\(^1\) EBIT EUR 21.8 (12.9) million, 15.8% (9.7)

Q4 highlights
› Growth driven by infrastructure cloud, up by 20% in local currencies
› Traditional infrastructure services’ revenue at Q4/2018 level
› Security Services’ revenue increased by 17%
› Clear improvement in EBIT margin, supported by strong growth, lower quality cost and the company’s efficiency measures
› In Q1, adjusted EBIT margin anticipated to be above the level of Q1/2019

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

Revenue Q4
› EUR 125 (122) million
› Up by 2%, 4% in local currencies

EBIT
› Adjusted\(^1\) EBIT EUR 20.6 (22.0) million, 16.5% (18.0)

Q4 highlights
› Strong growth of Healthcare solutions continued, up by 14%
› Case Management and oil and gas solution growth of 18% and 10% respectively
› The ongoing technological renewal of SmartUtilities continued to affect profitability in the fourth quarter
› SmartUtilities packaged software development and customer implementation’s scope are larger than originally anticipated – will require increased investments in 2020
› In Q1, EBIT margin anticipated to be at the level of Q1/2019

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

Revenue Q4
› EUR 38 (36) million
› Up by 4%, or 7% in local currencies

EBIT
› Adjusted\(^1\) EBIT EUR 3.8 (3.7) million, 10.1% (10.1)

Q4 highlights
› Strong volume development with the largest key customers focused on Radio and 5G technologies
› Good development also continued in the automotive segment which has experienced strong growth throughout the year with expansion to new key customers
› In Q1, adjusted EBIT margin anticipated to be below the level of Q1/2019

\(^1\) adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability
Finland country growth 2%
› Industry Software growth driven by Healthcare solutions
› Strong demand for cloud services continued
› Digital Experience affected by a large customer insourcing

Sweden country growth 1% in local currencies
› Growth driven by Hybrid Infra, up by 4% in local currencies
› Industry Software growth impacted by continued renewal of Tieto SmartUtilities

Norway country growth 8% in local currencies
› Growth across businesses
› Strongest growth in Hybrid Infra and Digital Experience
EVRY stand-alone performance
EVRY Q4 - main highlights

• Strong organic growth of 3.9% and adjusted EBIT margin of 13.4%

• Financials Services showing strong momentum with high order backlog in Q4

• Strategic direction supports solid growth in Consulting services and application services by 7.1% and 9.4% respectively

• Still challenges in Sweden but positive development according to plan
# Group financial highlights

<table>
<thead>
<tr>
<th>EVRY group</th>
<th>Norway</th>
<th>Sweden</th>
<th>Financial Services</th>
<th>Organic growth Q4/FY 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE €m</strong></td>
<td></td>
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<tr>
<td>355.2</td>
<td>1,336.9</td>
<td>158.8</td>
<td>601.7</td>
<td>82.6</td>
</tr>
<tr>
<td>Organic growth$^1$</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.9%</td>
<td>1.7%</td>
<td>8.6%</td>
<td>2.8%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>Adj. EBIT$^2$ €m</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47.7</td>
<td>160.9</td>
<td>18.7</td>
<td>64.7</td>
<td>5.9</td>
</tr>
<tr>
<td>Adj. EBIT margin$^2$</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>13.4%</td>
<td>12.1%</td>
<td>11.8%</td>
<td>10.8%</td>
<td>7.1%</td>
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</tbody>
</table>

In Q1/2020, adjusted EBIT margin anticipated **to be at the level** of Q1/2019.

1) Adjusted for currency effects, acquisitions and divestments
2) Adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability – comparable to EVRY’s EBITA before other income an expenses
3) * Excluding fulfilment
Service mix development in line with strategy

### Financial year

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<tr>
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<tbody>
<tr>
<td>Consulting Services</td>
<td>32.3%</td>
<td>33.8%</td>
<td>38.2%</td>
<td>31.0%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Application Services</td>
<td>30.9%</td>
<td>32.2%</td>
<td>22.8%</td>
<td>27.2%</td>
<td>63.7%</td>
</tr>
<tr>
<td>Digital Platform Services</td>
<td>28.2%</td>
<td>27.1%</td>
<td>30.1%</td>
<td>27.6%</td>
<td>31.4%</td>
</tr>
<tr>
<td>Fulfilment Services</td>
<td>8.6%</td>
<td>6.9%</td>
<td>8.9%</td>
<td>14.2%</td>
<td>16.2%</td>
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### Organic growth Q4 /FY 2019

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<tr>
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<tbody>
<tr>
<td>Consulting Services</td>
<td>5.6%</td>
<td></td>
</tr>
<tr>
<td>Application Services</td>
<td>8.3%</td>
<td></td>
</tr>
<tr>
<td>Digital Platform Services</td>
<td>-0.7%</td>
<td></td>
</tr>
<tr>
<td>Fulfilment Services</td>
<td>-16.2%</td>
<td></td>
</tr>
</tbody>
</table>
Positive development in Sweden continues

Adj. EBIT margin¹

¹) adjusted for amortization of acquisition-related intangible assets, restructuring costs, capital gains/losses, goodwill impairment charges and other items affecting comparability
Financial Services with solid performance in Q4

- Organic growth of 7.3% in Q4
- Strong adjusted EBIT margin of 13.3%
- Continuing vote of confidence with strong order intake and high order backlog at EUR 989 million

DSS
A new 6-year agreement with nine savings banks to provide a complete portfolio of banking services. TCV of approx. NOK 600 million over the period

Sparebanken Sør
New comprehensive 5-year agreement to provide a complete portfolio of banking services. TCV of NOK 650 million over the period

Other signings
Several new agreements with a group of Norwegian banks to provide a complete portfolio of banking services. TCV of approx. NOK 450 million over the period
CFO report
CFO highlights

• Strong fourth-quarter performance in revenue, profit and cashflow from both companies

• Reported numbers impacted by adjusted items, primarily related to the merger and integration of TietoEVRY

• Merger of TietoEVRY completed and preliminary Purchase Price Allocation (PPA) prepared

• Segment information, according to new operating model, available for Q2 or Q3 2020

• Updates on synergy planning and realization provided in the coming quarterly reports

• Long term financial ambitions will be provided in the next CMD
Net debt / EBITDA starts at 2.7x - Strong cash flow continued

Net debt / EBITDA TietoEVRY combined at ~2.7x* (~2.4x ex IFRS 16 impact)

Target level Net debt/EBITDA TietoEVRY < 2 in 2-3 years

Strong cashflow in the fourth quarter
• Positive working capital development
• Favorable workday impact
• Affecting QoQ comparability;
  • IFRS 16 EUR 14 million
  • EVRY impact EUR 40 million

* Combined Net debt EUR 1.070 million and EBITDA EUR 390 million (including EVRY 12 mth EBITDA)
**TietoEVRY merger completed - Purchase accounting summary**

<table>
<thead>
<tr>
<th>Merger consideration (IFRS)</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consideration in shares</td>
<td>1,195</td>
</tr>
<tr>
<td>Consideration in cash</td>
<td>196</td>
</tr>
<tr>
<td>Replacement of share based payment awards</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total Merger Consideration</strong></td>
<td><strong>1,398</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preliminary purchase price allocation</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>1,556</td>
</tr>
<tr>
<td>Identified intangible assets</td>
<td>261</td>
</tr>
<tr>
<td>Deferred tax liability on allocations (PPA)</td>
<td>-55</td>
</tr>
<tr>
<td>Acquired net assets</td>
<td>-365</td>
</tr>
<tr>
<td><strong>Recognized net assets from acquisition</strong></td>
<td><strong>1,398</strong></td>
</tr>
</tbody>
</table>

- Total merger consideration amounted to EUR 1,398 million
- Preliminary purchase price allocation results in EUR 1,556 million of goodwill
- Identified intangible assets consists of inhouse developed software, customer relations, EVRY brand and order backlog
- Annual amortization from identified intangible assets amounts to approximately EUR 38 million
Summary of 2019 adjustment items impacting reported EBIT

### Tieto stand-alone FY2019

<table>
<thead>
<tr>
<th>Item</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring cost</td>
<td>28</td>
</tr>
<tr>
<td>Merger and integration cost</td>
<td>21</td>
</tr>
<tr>
<td>Amortization of aquisition related intangible assets</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total adjustment items</strong></td>
<td><strong>61</strong></td>
</tr>
</tbody>
</table>

### EVRY stand-alone FY2019

<table>
<thead>
<tr>
<th>Item</th>
<th>EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBM – Infrastructure partnership</td>
<td>32</td>
</tr>
<tr>
<td>Merger and integration cost</td>
<td>20</td>
</tr>
<tr>
<td>STIP</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total adjustment items</strong></td>
<td><strong>53</strong></td>
</tr>
</tbody>
</table>

- Restructuring cost mainly relates to 2019 efficiency programme
- Merger and integration costs relate mainly to advisory services, integration cost and success and retention bonuses
- Other consists mainly of Tietokarhu JV impairment loss
- IBM includes cost related to the transition and transformation programme, cost for compensating activities relating to quality and legal cost relating to the filed arbitration
- Merger and integration costs relate mainly to advisory services, integration cost, success and retention bonuses and CEO agreement
Synergy planning progressing well, total target of EUR 75 million confirmed with goal to realize EUR 30-40 million run-rate synergies by year-end 2020

Integration and synergy work progressing well

- Group management team and next layer below appointed
- 11 synergy streams established to finalize planning and drive execution
- Total synergy target of EUR 75 million confirmed by current plans
- Synergy target split per category to be updated in Q1
- Integration cost estimated to be approximately EUR 40-50 million in 2020

EUR 75 million synergies achieved within three years

Synergies run-rate impact at end of year (MEUR)

Integration and synergy work progressing well EUR 120-140 million of one-time integration costs expected in 2020-2022
Merger and integration update

- Merger closed on 5 December
- Integration work progressing well with high intensity and strong employee engagement
- New operating model deployed – focusing on maximum customer value, efficiency and speed
Integration progressing as planned
Status end of January 2020, 8 weeks post merger acceptance

<table>
<thead>
<tr>
<th>Integration focus area</th>
<th>Progress*</th>
<th>Current status</th>
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</thead>
<tbody>
<tr>
<td>Integrated structure and leadership</td>
<td>▼</td>
<td>• TietoEVRY operating model launched</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Group leadership and next level nominated</td>
</tr>
<tr>
<td>Common processes and systems</td>
<td>▼</td>
<td>• Collaboration actively enabled</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Common core tool choices being finalized</td>
</tr>
<tr>
<td>Integrated go-to-market and service portfolio</td>
<td>▼</td>
<td>• Unified customer teams and integrated services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Cloud and infra strategic partnerships</td>
</tr>
<tr>
<td>Employee engagement and cultural integration</td>
<td>▼</td>
<td>• High cultural similarities identified</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Employee onboarding and engagement</td>
</tr>
<tr>
<td>Synergy planning and realization</td>
<td>▼</td>
<td>• Planning ongoing per business and function</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Overall progress on schedule</td>
</tr>
</tbody>
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Continuous focus on customer engagement, delivery quality and efficiency continues during integration

*Progress relative to target-state as an integrated TietoEVRY
Performance drivers during the first year of integration

Annual performance drivers
- **Long term**, TietoEVRY aims to grow faster than the market.
- **Adjusted operating profit** to improve from previous year supported by underlying business performance and synergy contribution
- **Salary inflation** is anticipated to be over 3%
- Continued **annual productivity improvement**, incl. automation, offshoring, pyramid management

Merger specific performance drivers
- Moderate growth during 2020 in light of integration and discontinued contracts and businesses
- **Run-rate of EUR 30-40 million in cost synergies expected** at year end
- **One-time integration costs** are expected to be in the range of **EUR 40-50 million**
- **EVRY infrastructure partnership (IBM)** – continuation of costs related to transition and transformation, quality and legal for 2020 estimated to be EUR 15-20 million
Guidance for 2020

TietoEVRY expects its comparable full-year adjusted operating profit (EBIT) to increase from the previous year's level (Tieto's and EVRY's adjusted operating profit combined amounted to a total of EUR 343.1 million in 2019)

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