TIETO's interim report 4/2011 (January–December) and financial statements bulletin 2011 – Financial performance as expected and solid order intake in the fourth quarter

October–December highlights

- Net sales totalled EUR 489.7 (472.2) million, an increase of 4%.
- Order intake at EUR 601 (581) million. Order backlog at EUR 1 719 (1 574) million at the end of the period.
- Operating profit (EBIT) amounted to EUR 26.1 (6.4) million, representing an operating margin of 5.3% (1.4).
- Operating profit excluding one-off items was EUR 34.2 (33.5) million, representing an operating margin of 7.0% (7.1).
- Profit after taxes was EUR 12.5 (1.4) million.
- Net cash flow from operations amounted to EUR 43.7 (72.4) million.

January– December highlights

- Net sales totalled EUR 1 828.1 (1 713.7) million, an increase of 7%.
- Order intake was EUR 1 974 (2 030) million.
- Operating profit (EBIT) amounted to EUR 98.1 (72.4) million, representing an operating margin of 5.4% (4.2).
- Operating profit, excluding one-off items, amounted to EUR 117.1 (110.0) million, 6.4% (6.4) of net sales.
- Profit after taxes was EUR 59.9 (49.5) million.
- Net cash flow from operations amounted to EUR 123.2 (142.9) million.

- Dividend proposal: EUR 0.75 (0.70) per share.

Outlook for 2012

For 2012, 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).

	Q4/2011	Q4/2010	**1–12/ 2011**	1–12/ 2010
Net sales, EUR million	**489.7**	472.2	**1 828.1**	1 713.7
Change in net sales, %	**4**	7	**7**	0
Operating profit (EBITA), EUR million	**27.9**	8.3	**105.4**	80.0
Operating margin (EBITA), %	**5.7**	1.8	**5.8**	4.7
Operating profit (EBIT), EUR million	**26.1**	6.4	**98.1**	72.4
Operating margin (EBIT), %	**5.3**	1.4	**5.4**	4.2
Operating profit (EBIT) excl. one-off items, EUR million	**34.2**	33.5	**117.1**	110.0
Operating margin (EBIT) excl. one-off items, %	**7.0**	7.1	**6.4**	6.4
Profit after taxes, EUR million	**12.5**	1.4	**59.9**	49.5
Net cash flow from operations, EUR million	**43.7**	72.4	**123.2**	142.9
EPS, EUR	**0.18**	0.02	**0.84**	0.69
Return on equity, 12-month rolling, %	**10.7**	9.2	**10.7**	9.2
Return on capital employed, 12-month rolling, %	**18.3**	15.1	**18.3**	15.1
Investments, EUR million	**13.8**	29.3	**103.6**	101.4
Interest-bearing net debt, EUR million	**82.7**	51.8	**82.7**	51.8
Gearing, %	**14.6**	9.3	**14.6**	9.3
Personnel on 31 Dec	**18 123**	17 757	**18 123**	17 757

Kimmo Alkio, President and CEO:
"At the end of 2011, our financial performance was in line with expectations while below our targets. Our net sales in the final quarter grew by 4% (7% growth in the full year) and profitability improved slightly from last year. We are pleased with the strong order intake, which recovered after a challenging third quarter. Our overall performance in the fourth quarter gives us a good starting point for 2012.

From the Market Unit perspective, the best development was seen in Finland and the Baltic countries where the fourth-quarter net sales were up 3% and EBIT was at 12%. In Scandinavia, double-digit growth continued, and order intake was very strong. Profitability, however, was down partly due to the data centre incident in Sweden. Central Europe & Russia continues to struggle, and we need to improve our performance, especially in Germany and Russia.

One of my main tasks during my first months with Tieto has been to set clear operational priorities for 2012. I believe that by paying close attention to quality and customer-specific service experience, we can ensure that our customers will have even greater confidence in Tieto as a high-quality IT services partner. In addition, we are placing high attention on introducing new services, improving profitability and investing in employee skills development.

Despite the economic uncertainty, we are starting the year with a healthy order backlog, we have announced a number of high value customer contracts and the opportunity funnel is good. We have set clear priorities for the current year, and have strong drive and commitment in the company to make 2012 a success."

MARKET DEVELOPMENT

The macroeconomic outlook in Europe worsened during the second half of 2011, but the impacts on the IT services market have been minor so far. There are some signs of reduced IT spending and postponements of new projects, but for the most part the impacts are expected to be felt later in 2012. Industry analysts estimate that the IT services market in Western Europe will grow by 0–2% in 2012.

Demand for new development projects aiming at enhanced customer services and better management of sales channels has remained fairly good, but the market for renovating existing solutions is gaining a stronger foothold. Growing use of IT is currently driven by cloud computing and new ways of consuming IT via mobile devices and applications as customers are transforming their businesses operations by adopting digitalized processes and mobile environments.

Companies are still actively developing their ICT infrastructure and application environments. Applications and ICT infrastructure are increasingly moving towards web-based scalable delivery models. Many businesses are taking a hybrid approach to cloud services, i.e. combining cloud services with a variety of legacy systems that continue to support mission-critical processes. As reducing the cost of IT is still on customers' agendas, the outsourcing of ICT infrastructure, application management and business processes is expected to remain the strongest area.

Nordic customers have become more receptive to the use of offshore resources due to the pressure to cut costs. Since local European IT service providers still enjoy the benefits of having greater customer closeness as well as language and cultural affinity, their volumes are expected to see further growth. However, offshore competition has led to continued price pressure in basic services, keeping margins at a low level. Prices of high value added services are stable or slightly rising. As a result, IT service vendors are seeking to improve margins by increasing offshoring, industrializing their service provision and selling more high value added services.

Business intelligence, unified communications and both cloud and mobility solutions are key themes driving demand for IT services. In the manufacturing sector, demand is expected to grow, although at a slower pace than in 2011. Demand is based on the need to cut costs and improve business processes and service deliveries. In the healthcare sector, there is a need to renew service production models to reconcile increasing service demand with the declining workforce but at the same time, some projects might be postponed due to budget cuts in the public sector. The Norwegian energy sector is strong due to the start of the procurement process for advanced metering infrastructure.

In the finance sector, cautiousness has increased on the heels of the weaker economic outlook. Customers are focusing only on their ongoing and most important projects and tend to revamp existing applications instead of replacing them. On the other hand, the need to cut spending and to harmonize existing IT systems maintains high interest in outsourcing. Growth in this sector is also driven by the need for regulatory compliance and transparency across processes as well as the launch of new services supporting digital customership.

Telecom equipment-related investments will be the strongest-growing area of IT spending. In telecom R&D, demand has picked up in the network equipment manufacturers segment, thanks to increasing traffic in the wireless network. The market for mobile devices is turbulent due to fierce competition between device manufacturers seeking to gain market share and launch attractive new products with the latest technology platforms. Innovativeness and productivity combined with cost efficiency have remained two of the key drivers for telecom R&D. Some R&D service providers are currently pricing their services aggressively to defend their position.

In **Finland and the Baltic countries**, the IT services market is stable. Customers are investing in services supporting their business transformation. The Finnish IT services market is expected to grow by close to 2% in 2012. In the public sector, a decline in tax revenue is foreseen and, as a result, agencies are expected to cut costs, which will most likely decrease IT spending. However, productivity improvements will be sought from ICT development and outsourcing. Going forward, growth in the healthcare sector might be curbed by budget cuts.

In **Scandinavia**, demand for IT services has remained at a fairly good level, but customers became somewhat more cautious during the autumn. Growth in the Swedish IT market is estimated to slow down to less than 2% in 2012, mainly due to cost cutting and prolonged decision-making. Healthy demand for IT services is expected to continue in the public and energy sectors. Within some specialist areas, there are shortages of key competences. Fierce competition puts pressure on prices in basic services, particularly in large centralized procurement processes. In Norway, the IT market has remained active, fuelled by the energy sector in which advanced metering infrastructure is the growth driver. The Danish market is expected to remain weak.

In **Central Europe & Russia**, the outlook for 2012 is uncertain and tends to differ from country to country. In Germany, growth in demand is anticipated to be in line with the European IT services market. In Poland and Russia, the market is expected to grow by 4–5%.

COMPANY STRUCTURE

At the beginning of 2011, Tieto adjusted its operating model and made new appointments in the company management. The company's structure is based on its strategic priorities in terms of both markets and offerings. The two dimensions of the structure are Market Units and Business Lines. Market Units drive sales to their assigned customers and within their geographical markets and develop both customer relationships and Tieto's local position. Business Lines develop and deliver Tieto's offerings to customers, drive delivery efficiency and take part in sales.

ORDER BACKLOG

The order backlog, which only comprises services ordered with binding contracts, is solid. At the end of the period, the backlog amounted to EUR 1 719 (1 574) million. In total, 68% (60) of the backlog is expected to be invoiced during 2012. After the weak third quarter, order intake recovered to a solid level of EUR 601 (581) million.

STREAMLINING ACTIONS

An agreement related to the renewal of the company's business structure in Germany was concluded during the second quarter of 2011 leading to a reduction of approximately 100 full-time employees. One-off costs related to these actions were in line with the company's estimate. The costs were booked in 2010 and the cash flow effect materialized mainly during the second half of 2011. In total, the number of personnel has decreased by around 140 during 2011.

In 2011, the company booked a total of EUR 18.9 million in one-off items. The company has earlier estimated that it will book close to EUR 20 million in one-off costs. Of the costs for 2011, close to half relates to the personnel negotiations carried out in Finland and Sweden and the restructuring of operations in Denmark. The negotiations and restructurings led to a reduction of 80 employees in Finland, 30 in Sweden and approximately 60 in Denmark. In the fourth quarter, the company also booked impairment of EUR 6.0 million related to the planned divestments of non-core assets mainly in international sales offices.

For 2012, Tieto currently estimates that the one-off costs related to the streamlining of the company will be at the same level as in 2011.

FINANCIAL PERFORMANCE IN OCTOBER–DECEMBER

During October–December, Tieto signed several midsized and smaller agreements. For example, the company concluded agreements with Stampen (outsourcing of operations management), Outokumpu (infrastructure services partnership) and Arek (application management and support services).

Fourth-quarter net sales rose by 4% and amounted to EUR 489.7 (472.2) million. In local currencies, net sales grew by 3%. Scandinavia was the strongest growing market unit, posting growth of 10%, or 8% in local currencies. Industry solutions saw strong license sales, but growth was curbed by the high comparison figure for 2010.

Fourth-quarter operating profit (EBIT) amounted to EUR 26.1 (6.4) million, representing a margin of 5.3% (1.4). Operating profit included EUR 8.1 (27.0) million (negative) in one-off items. Operating profit excluding one-off items stood at EUR 34.2 (33.5) million, or 7.0% (7.1) of net sales. In 2010, one-off items mainly comprised the restructuring costs related to the renewal of Tieto's business structure in Germany.

The profitability improvement was mainly attributable to an improved cost to sales ratio. Personnel expenses excluding restructuring costs and currency effects rose by less than 1% and operating and business expenses declined in the fourth quarter. The number of personnel has increased in offshore locations, whereas the total number of onshore personnel has declined and as a result, average expenses per employee have continued to decline.

Operating profit was negatively impacted by the data centre incident in Sweden and higher subcontracting costs. Subcontracting costs rose by close to EUR 3 million, or 6%.

Tieto experienced a severe data centre incident in Sweden in November. The incident was caused by a hardware failure. It affected approximately 50 customers and resulted in a complex and time-consuming recovery process. An investigation to discover the root causes of the incident is being performed by an external investigator. Tieto has booked incident-related costs and provisions in the fourth-quarter business expenses. These items were of material financial impact. However, the final outcome of the service break is subject to the completion of negotiations between Tieto and its customers, suppliers and insurance providers. These costs and provisions are not classified as one-off items.

Depreciation amounted to EUR 20.9 million, up by EUR 3.3 million, of which more than half is attributable to the new mainframe and software agreement. The agreement has no material impact on operating profit and it is described in more detail in the Investments section.

Net financial expenses stood at EUR 2.1 (0.7) million in the fourth quarter. Net interest expenses were EUR 1.4 (1.3) million and net losses from foreign exchange transactions EUR 0.4 (positive 0.6) million. Other financial income and expenses amounted to EUR 0.3 (0.0) million.

Fourth-quarter earnings per share (EPS) totalled EUR 0.18 (0.02).

Financial performance by market unit

	Net sales Q4/2011, EUR million	Net sales Q4/2010, EUR million	Change, %	**Operating margin Q4/2011, %**	Operating margin Q4/2010, %
Finland and the Baltic countries	**202**	197	3	**11.9**	8.5
Scandinavia	**147**	134	10	**1.6**	5.7
Central Europe & Russia	**36**	33	9	**-18.9**	-42.7
Global Accounts	**185**	189	-2	**5.2**	6.3
Group elimination	**-80**	-81	-1		
Total	**490**	472	4	**5.3**	1.4

Quarterly operating profit excluding one-off items by segment is presented in the tables section at the end of this report.

In **Finland and the Baltic countries**, net sales rose by 3% thanks to good development in industry solutions. Price pressure continued in managed services. The healthcare and welfare sector, which enjoyed good license sales, saw strong growth, as did the retail sector. The development in the public sector remained positive despite the fading outlook. Fourth-quarter operating profit amounted to EUR 23.9 (16.7) million, or 11.9% (8.5) of net sales. Operating profit excluding one-off items rose to EUR 24.6 (19.0) million, or 12.2% (9.6) of net sales. Profitability improved due to higher net sales coupled with lower operating costs. The decrease in the amount of challenging projects also supported good profitability.

In **Scandinavia**, healthy growth continued and order intake was strong. Net sales grew by 10%, or 8% in local currencies. Growth is mainly attributable to the healthcare and welfare sector and the public sector in Sweden, but sales in Norway also continued to grow. Operating profit amounted to EUR 2.4 (7.6) million, or 1.6% (5.7) of net sales. Excluding the costs and provisions related to the data centre incident in Sweden, fourth-quarter operating profit improved from the previous year.

In **Central Europe & Russia**, net sales grew by 9%. Growth was mainly attributable to increased sales in Germany, where sales to the telecom and automotive industries were on the rise. Operating profit amounted to EUR -6.8 (-14.2) million, or -18.9% (-42.7) of net sales. In 2010, fourth-quarter operating profit included one-off costs of EUR 13.9 million, mainly related to the renewal of the business structure in Germany. Operating profit excluding one-off items amounted to EUR -5.3 (-0.3) million, or -14.7% (-0.9) of net sales.

Profitability in Germany and Russia has remained unsatisfactory. Especially in the telecom sector, the IT market is undergoing a transformation, with a growing reliance on offshore resources. To address this change, Tieto implemented a business structure renewal in Germany in 2011, leading to a reduction of approximately 100 full-time employees. These reductions affected both the Central Europe & Russia and the Global Accounts market units. However, the adjustment of the German country organization's operations has been slower than the change in demand, and thus profitability has not improved as expected. In Russia, the restructuring continued throughout the year, and is anticipated to lead to improved profitability during 2012.

In **Global Accounts**, net sales declined by 2%. The strategy realignment of one key telecom customer has led to somewhat lower volumes in R&D services for mobile devices, as expected. Large customers have reacted to the economic downturn promptly and launched several cost-savings actions during the quarter. Fourth-quarter operating profit amounted to EUR 9.6 (12.0) million, or 5.2% (6.3) of net sales. Operating profit included an impairment of EUR 5.8 million related to the planned divestment of non-core assets in international sales offices. Operating profit excluding one-off items amounted to EUR 15.3 (18.4) million, or 8.3% (9.7) of net sales. Despite the cost adjustments implemented during the second half of 2011, profitability of the underlying business weakened, mainly due to price erosion.

The Global Accounts segment includes approximately 20 accounts, sales offices in Italy, Spain, the UK and the USA/Canada as well as the offshore countries China, the Czech Republic and India.

Customer sales by business line

The 2011 figures include project transfers between business lines. The comparison figures for 2010 have not been adjusted due to the vast amount of projects and therefore the comparison figures for 2010 will not be disclosed.

	Customer sales Q4/2011, EUR million
Industry Solutions	**161**
Enterprise Solutions	**70**
Managed Services and Transformation	**171**
Product Engineering Solutions	**89**
Total	**490**

Industry Solutions saw solid demand. Growth was strongest in the healthcare and welfare sector, boosted by seasonal license sales in the fourth quarter. Global Accounts was the strongest market unit. Profitability remained at a good level.

In **Enterprise Solutions**, demand remained strong, especially in the SAP area. Digitalization of business processes and the need to develop cost-efficient ways to interact with customers are two of the key growth drivers. Profitability remained at a satisfactory level.

In **Managed Services and Transformation**, customer sales declined slightly, mainly due to price competition. Sweden was the strongest performing market due to large outsourcing deals concluded during 2010. The data centre incident in Sweden burdened profitability, but thanks to the completed streamlining actions, fourth-quarter operating profit improved from the corresponding quarter of 2010.

In **Product Engineering Solutions**, sales were somewhat down in the mobile devices segment, mainly due to the strategy realignment of one key telecom customer. However, Tieto has recently won important Android cases from its global key customers. This is expected to enhance the company's position in the Android and embedded Linux ecosystems. Sales to the network equipment manufacturers' segment remained flat despite the downscaling of operations in Germany. Going forward, the strategic changes made by some key customers are expected to favour Tieto, as the company's offering is a good fit for their new strategic focuses. Profitability of the underlying business improved slightly in the fourth quarter.

FINANCIAL PERFORMANCE IN JANUARY–DECEMBER
Full-year net sales rose by 7% and amounted to EUR 1 828.1 (1 713.7) million. The stronger currencies, especially the Swedish krona, had a positive EUR 35 million impact on net sales. On the other hand, the increase in net sales was curbed by the divestments of Tieto's pulp and paper operations in North America and Tieto's French subsidiary in spring 2010. The divestments had a negative EUR 7 million impact on net sales in the full year. After eliminating the impacts of the divestments and currency effects, net sales of the underlying business grew by 5%.

Full-year operating profit (EBIT) amounted to EUR 98.1 (72.4) million, representing a margin of 5.4% (4.2). Operating profit includes EUR 18.9 (37.5) million (negative) in one-off items. More than a half is related to the personnel negotiations in Finland and Sweden and the restructuring of operations in Denmark. Additionally, the company booked impairment of EUR 6.0 million related to the planned divestments of non-core assets. Operating profit excluding one-off items stood at EUR 117.1 (110.0) million, or 6.4% (6.4) of net sales.

The profitability improvement was mainly attributable to the net sales growth coupled with an improved cost to sales ratio. Despite an increase of 5% in the net sales of the underlying business, personnel expenses excluding restructuring costs and currency effects rose by less than 2%. The number of personnel has increased by 10% in offshore locations, whereas the total number of onshore personnel has declined by 3% and, as a result, expenses per employee have declined from 2010.

Billable hours rose by around 8%, but higher volumes were not fully translated into net sales due to the continued decline in prices. The improvement in profitability was also curbed by quality costs and higher subcontracting costs, which were up due to volume growth and lack of specific competences. Subcontracting costs excluding currency effects rose by around EUR 25 million, or 17%. However, the growth in subcontracting costs slowed down towards the year end.

Depreciation amounted to EUR 90.5 million, up by EUR 19.7 million, of which more than half is attributable to the new mainframe and software agreement. The agreement is described in more detail in the Investments section. The agreement has no material impact on operating profit.

Net financial expenses stood at EUR 6.8 (6.3) million in the full year. Net interest expenses were EUR 5.8 (5.6) million and net gains from foreign exchange transactions EUR 0.4 (negative 0.0) million. Other financial income and expenses amounted to EUR 1.4 (0.7) million.

Full-year earnings per share (EPS) totalled EUR 0.84 (0.69).

Financial performance by market unit

	Net sales 1–12/2011, EUR million	Net sales 1–12/2010, EUR million	Change, %	**Operating margin* 1–12/2011, %**	Operating margin 1–12/2010, %
Finland and the Baltic countries	**733**	726	1	**8.0**	9.2
Scandinavia	**548**	468	17	**3.4**	4.8
Central Europe & Russia	**131**	126	4	**-16.0**	-19.3
Global Accounts	**729**	704	4	**7.6**	8.1
Group elimination	**-313**	-311	0		
Total	**1 828**	1 714	7	**5.4**	4.2

* In 2011, the allocation principles of Steering Functions and Group Management costs were changed. The allocation to Market Units increased by EUR 36 million compared with 2010.

In **Finland and the Baltic countries**, net sales rose by 1%. Volume growth of the underlying business was at a good level, but net sales growth was curbed by price erosion in managed services. Industry solutions saw healthy growth throughout the year. Development was strongest in the healthcare and welfare sector as well as the manufacturing and retail sectors. Full-year operating profit amounted to EUR 58.8 (67.1) million, or 8.0% (9.2) of net sales. Operating profit excluding one-off items declined to EUR 61.7 (70.8) million, or 8.4% (9.8) of net sales. Profitability was strained by weak second-quarter results, which were burdened by a few loss-making projects, the ending of certain contracts and the start-up phases of some projects. Due to the initiated streamlining measures, profitability improved towards the end of the year. Operating costs were down and personnel costs remained at the previous year's level.

In **Scandinavia**, net sales grew by 17%, or 12% in local currencies. Growth is mainly attributable to the healthcare and welfare sector and the public sector in Sweden and the energy sector in Norway. In Denmark, net sales were declining. Despite volume growth, personnel costs excluding one-off items and currency effects remained at the previous year's level. Due to the shortage of certain competences, subcontracting costs rose substantially during the year, partly offsetting the positive impact of increased net sales on operating profit. Profitability was also strained by the data centre incident in Sweden in November. Full-year operating profit amounted to EUR 18.7 (22.7) million, or 3.4% (4.8) of net sales. Operating profit excluding one-off items amounted to EUR 25.5 (21.3) million, or 4.7% (4.6) of net sales.

In **Central Europe & Russia**, net sales grew by 4%. Growth was strongest in Germany, where sales to the telecom and automotive industries were on the rise. In Russia and Poland, net sales saw slightly positive development, but lagged behind IT market growth. Full-year operating profit amounted to EUR -21.0 (-24.3) million, or -16.0% (-19.3) of net sales. In 2010, operating profit included one-off costs of EUR 14.0 million, mainly due to the restructuring costs related to the renewal of the company's business structure in Germany. Full-year operating profit excluding one-off items remained unsatisfactory at EUR -19.2 (-10.3) million, or -14.7% (-8.2) of net sales.

In **Global Accounts**, net sales grew by 4%. Towards the year end, large customers launched several cost-savings actions as a reaction to the weakening economic outlook. Additionally, the strategy realignment of one key telecom customer led to lower sales of R&D services for mobile devices. Full-year operating profit amounted to EUR 55.3 (57.0) million, or 7.6% (8.1) of net sales. Operating profit included EUR 6.4 (14.3) million (negative) in one-off items, inclusive of an impairment of EUR 5.8 million related to the planned divestment of non-core assets. Operating profit excluding one-off items amounted to EUR 61.7 (71.3) million, or 8.5% (10.1) of net sales. In 2010, the company booked restructuring costs related to the renewal of its business structure in Germany. Profitability of the underlying business weakened, mainly due to price erosion and higher personnel costs.

Customer sales by business line

The 2011 figures include project transfers between business lines. The comparison figures for 2010 have not been adjusted due to the vast amount of projects and therefore the comparison figures for 2010 will not be disclosed.

	Customer sales 1–12/2011, EUR million
Industry Solutions	**580**
Enterprise Solutions	**249**
Managed Services and Transformation	**652**
Product Engineering Solutions	**346**
Total	**1 828**

Industry Solutions saw healthy growth, reflecting strong performance in the energy sector, where Tieto's solution for hydrocarbon management continued to see particularly strong growth.

Growth was at a healthy level also in the healthcare and welfare sector as well as in the finance sector. Good sales growth led to improved profitability.

In **Enterprise Solutions**, demand was strong, especially in the SAP area, as customers are transforming their business operations by adopting digitalized processes and mobile environments. Another key growth driver is the need to develop cost-efficient ways to interact with customers. Profitability remained at a satisfactory level.

In **Managed Services and Transformation**, customer sales remained at the previous year's level. Sales growth was supported by the stronger currencies and large outsourcing deals concluded during 2010, especially in Sweden, but sales growth was curbed by lower price levels. Thanks to the completed streamlining actions, profitability improved towards the year end.

In **Product Engineering Solutions**, customer sales were somewhat up due to the good performance in the network equipment manufacturers' segment in the first half of the year. The mobile devices segment saw negative development towards the year end mainly due to the strategy realignment of one key telecom customer. Going forward, the strategic changes made by some key customers are expected to favour Tieto, as the company's offering is a god fit for their new strategic focuses. Profitability of the underlying business weakened slightly during the year.

CASH FLOW AND FINANCING

Fourth-quarter net cash flow from operations, including the increase of EUR 5.5 (decrease 59.8) million in net working capital, amounted to EUR 43.7 million (72.4). In 2010, working capital decreased partly due to large restructuring provisions made in the fourth quarter.

Full-year net cash flow from operations amounted to EUR 123.2 (142.9) million. Net cash flow from operations includes the increase of EUR 42.1 (decrease 12.6) million in net working capital.

Tax payments amounted to EUR 27.3 (18.1) million in the full year.

Payments for acquisitions totalled EUR 0.5 (2.6) million in the full year. There were no divestments in 2011 (EUR 3.6 million in 2010).

The equity ratio was 46.4% (47.6). Gearing increased to 14.6% (9.3). Net debt totalled EUR 82.7 (51.8) million, including EUR 176.9 million in interest-bearing debt, EUR 6.7 million in finance lease liabilities, EUR 5.1 million in finance lease receivables and EUR 95.8 million in cash and cash equivalents.

In May, Tieto signed a new EUR 100 million five-year revolving credit facility that will mature in May 2016. This facility refinanced Tieto's prior EUR 250 million revolving credit facility, which was due to mature in November 2011.

The interest-bearing long-term debt includes a EUR 100 million bond, maturing in December 2013. The syndicated revolving credit facility of EUR 100 million maturing in May 2016 was not in use and there were no commercial papers issued under the EUR 250 million commercial paper programme at the end of December. The bond of EUR 50 million (private placement) will mature in July 2012 and it is reported as a short-term interest-bearing liability. Other long-term interest-bearing loans of EUR 13.4 million and short-term interest-bearing loans of EUR 13.6 million were mainly related to an agreement for mainframes and software.

INVESTMENTS

Full-year investments totalled EUR 103.6 (101.4) million, of which EUR 47.5 million relates to the new mainframe and software agreement. Capital expenditure accounted for EUR 103.6 (99.5) million. There were no investments in subsidiary and associated company shares in the full year (EUR 1.9 million in 2010).

Tieto signed a new mainframe and software agreement during the first quarter. The new agreement differs from the previous one that expired at the end of 2010. Instead of presenting the software costs under rents, they are presented as depreciation and interest expenses and in the balance sheet as fixed assets and interest-bearing loans. In 2010, the software rents amounted to around EUR 3.4 million for each quarter. The change has no material impact on operating profit.

BUSINESS TRANSACTIONS AND MAJOR AGREEMENTS IN JANUARY–DECEMBER

In February, the Government IT Shared Service Centre, the division of the State Treasury procuring and producing IT services on behalf of the entire central government in Finland, chose Tieto as the supplier of its unified communications and collaboration solution. The solution is provided as a service to the whole state administration, with the target of serving 70 000 users. The total value of the contract is over EUR 20 million.

In April, Tieto Sweden and Saab AB concluded agreements concerning ICT infrastructure, system development and ASM (Application Service Management). The ASM agreement is new and the other two agreements are extensions of existing contracts. The value of the ICT infrastructure agreement is at least SEK 45 million over a period of three years. The other two contracts are frame agreements.

In April, Tieto and I-Teco agreed to pull out of their plans to establish a joint venture company in Russia. The plans were announced in September 2010.

In April, Tieto and Itella concluded an agreement on data centre services. The total value of the three-year contract is EUR 14 million.

In June, Tieto signed an agreement on the operations of an In Store solution with Apoteket AB, the largest pharmacy chain in Sweden. The agreement is for a period of six years.

In June, Inex Partners chose Tieto as the provider of SAP application management services for three and a half years. The total value of the three-year contract is around EUR 12 million.

In June, Tieto and Stockholm County Council renewed an agreement on operations management and application management services. The agreement is for a period of three years.

In June, Kesko selected Tieto as its capacity and integration service provider. The new agreement covers Kesko's IT infrastructure, integration and SAP servers. Some of the services will be delivered as cloud-based solutions. The value of the three-year contract is approximately EUR 35 million.

In August, Hansel, the central procurement unit of the Finnish Government, selected Tieto as the framework agreement supplier of IT expert services. Under the framework agreement, state units may invite tenders for deliveries from the selected suppliers using a streamlined procedure.

In August, Tieto concluded a three-year contract on collaboration services with Stora Enso. The services cover e-mail, directory and instant messaging with voice conferencing services based on the latest Microsoft Office technologies.

In September, Tieto and Inex Partners concluded a three-and-a-half-year contract concerning SAP services. The total value of the contract is EUR 12.5 million.

In September, Tapiola selected Tieto as its partner for developing internet services and standardizing the technical environment and applications of Tapiola's internet journals.

In November, Tieto and Arek agreed on application management services. Arek is streamlining its service structure with the aim of improving cost efficiency and speeding up the development of existing services. The contract will be valid for a period of five years.

In December, Tieto concluded a four-year agreement with Outokumpu. Tieto will enter into infrastructure services partnership covering centralized and on-site capacity services and ERP platform management services. In addition, approximately twenty employees will transfer from Outokumpu to Tieto.

In December, the Swedish media group Stampen decided to outsource a large part of its IT operations to Tieto. The five-year agreement includes the consolidation of Stampen's IT environment into Tieto's data centre, operation of business-critical systems and the introduction of a new workplace concept for around 2 500 employees. In addition, around 30 Stampen employees will be transferred to Tieto. The agreement corresponds to an order value of approximately EUR 21.5 million.

PERSONNEL

The number of full-time employees amounted to 18 123 (17 757) at the end of December. Tieto has actively been increasing its resources in global delivery centres. At the end of December, the number of full-time employees in the global delivery centres totalled 7 251 (6 565), or 40% (37) of personnel. Global operations have grown fast, especially in China and India. In onshore locations, the number of personnel has decreased by more than 300 year-on-year.

The 12-month rolling employee turnover stood at 12.5% (9.5%) at the end of December. The average number of full-time employees was 18 098 (17 097) in the full year.

Wages and salaries for 2011 were EUR 772.4 (763.6) million. In 2011, 73% (73) of personnel were male and 27% (27) female. Due to rising attrition rates, salary inflation is expected to rise. Emerging focus markets like India, China and Russia may see double-digit salary hikes. On the group level, salary inflation is expected to be 2–3% on average.

DEVELOPMENT

Tieto’s development costs totalled EUR 40.5 million in 2011, representing 2.2% of net sales (EUR 44.2 million in 2010, representing 2.6% of net sales). These development costs are mostly related to the development of Tieto’s offerings, own software products and data centre services. Development costs for major new business concepts and software products are capitalized as intangible assets if they fulfil the requirements stated in the accounting principles. No development costs were capitalized for either 2011 or 2010.

BOARD OF DIRECTORS AND MANAGEMENT

In April, the Board of Directors announced the change of President and CEO. Ari Karppinen (born 1957), Executive Vice President, Managed Services and Transformation in Tieto, was appointed acting President and CEO as of 28 April.

In May, Lasse Heinonen started as Chief Financial Officer, Executive Vice President and member of Tieto's Leadership Team. Former CFO Seppo Haapalainen was appointed Head of Financial Services in the Industry Solutions business line as of 1 August. Haapalainen did not continue as a member of the Leadership Team.

In June, Tieto announced that Willem Hendrickx, Executive Vice President, Global Accounts and Customer and Market Operations (CMO), had decided to resign from Tieto effective 30 June. Ari Vanhanen, Executive Vice President, Product Engineering Solutions, was appointed acting head for Global Accounts and CMO as of 1 July.

In July, the Board of Directors appointed Kimmo Alkio President and CEO as of 1 November. Alkio joined Tieto from F-Secure Corporation where he worked as the President and CEO since 2006. Alkio was a member of Tieto's Board of Directors before the appointment.

In November, Tieto announced that Johanna Pyykönen-Walker, Executive Vice President, Human Resources, had decided to pursue her career outside Tieto. Outi Karisto was appointed acting head of Human Resources and member of the Extended Leadership Team as of 11 November.

Teuvo Salminen was appointed member of Tieto's Remuneration Committee as of 23 September. He replaced Kimmo Alkio, who resigned from the committee after his appointment as Tieto's President and CEO.

LONG-TERM INCENTIVE PROGRAMME 2012–2014

In December, the Board of Directors decided to establish a new share-based incentive plan, Long-Term Incentive Programme 2012–2014. The programme contains three annual periods based on EPS (Earnings per Share) measurement and one parallel three-year period based on relative TSR (Total Shareholder Return) measurement. The first performance period began on 1 January 2012 and the final performance period will end on 31 December 2014. The estimated maximum number of shares to be delivered to participants as a reward is 1.6 million gross shares. The share rewards are to be acquired from the market and hence, the incentive programme will have no dilutive effect.

SHAREHOLDERS' NOMINATION BOARD

Proposals for the election and remuneration of the Board members to the Annual General Meeting are prepared by the Shareholders' Nomination Board. It comprises four members annually nominated by the largest shareholders and the Chairman of the Board of Directors.

The largest shareholders of the company are determined on the basis of the shareholdings registered in the Finnish and Swedish book-entry systems on 30 September. On 13 October, Tieto announced that the composition of the Shareholders' Nomination Board is the following:

Lars Förberg, Cevian Capital II Master Fund L.P.,
Kari Järvinen, Solidium Oy,
Marianne Nilsson, Swedbank Robur Fonder AB,
Hanna Kaskela, Varma Mutual Pension Insurance Company, and
Markku Pohjola, Chairman of the Board of Directors of Tieto Corporation.

SHARES AND SHARE-BASED INCENTIVES

Tieto Corporation's issued and registered share capital on 31 December 2011 totalled EUR 75 841 523 and the number of shares was 72 023 173.

The company had 27 298 registered shareholders at the end of 2011. Based on the ownership records of the Finnish and Swedish central securities depositories, 55% of Tieto's shares were held by Finnish and 6% by Swedish investors. In total, there were 25 259 retail investors in Finland and Sweden and they held 15% of Tieto's shares.

At the end of 2011, the number of shares in the company's possession totalled 553 700, representing 0.8% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 71 469 473. There were no changes in the number of shares in the company's possession during 2011.

Additional information regarding shares and shareholders is available at www.tieto.com/Investors/Shares.

FLAGGING ANNOUNCEMENTS

In 2011, there were five announcements of changes in the company's shareholding. On 7 June, Swedbank Robur Fonder AB announced that its holding had decreased below the 5% threshold. On 14 June, OP Pohjola Group announced that as from 13 June, the group no longer includes the possession of its funds in the holding calculation and as a result, OP-Pohjola Group's holding had fallen below the 5% threshold. Cevian Capital II Master Fund L.P. announced on 15 August that its holding had increased above 10% and on 7 December that the holding exceeded 15%. On 8 December, Cevian Capital II Master Fund L.P. transferred its aggregate holding of 10 918 331, or 15.16%, of Tieto shares to Cevian Capital Partners Ltd, which is a wholly-owned subsidiary of Cevian Capital II Master Fund L.P.

DIVIDEND PROPOSAL

The distributable funds of the Parent company amount to EUR 770 783 210.84 of which net profit for the current year amounts to EUR 10 756 115.46. The Board of Directors proposes a dividend of EUR 0.75 (0.70) per share for 2011. The proposed dividend payout does not endanger the solvency of the company.

EVENTS AFTER THE PERIOD

In January, Helsinki Region Transport (HSL/HRT) selected Tieto as the supplier of its new ticket and information system. The contract covers the delivery of the ticket and information system as well as support and maintenance services for a period of five years. The total contract value including the delivery and five years of support and maintenance is approximately EUR 90 million, of which approximately EUR 60 million are investments in the system and approximately EUR 30 million are earmarked for maintenance.

In February, Katariina Kravi was appointed Executive Vice President, Human Resources and member of Tieto's Leadership Team as of 1 April 2012. Kravi joins Tieto from Nokia, where she has been working in various HR positions since 1996.

NEAR-TERM RISKS AND UNCERTAINTIES

Concerns about European economies are arising due to prolonged debt crises. This might lead to an economic slowdown and a downturn in the IT services market as well.

The ongoing transformation of the IT sector towards offshore production might create uncertainty among the company's personnel and poses risks related to the company's market position and prices. Price pressure might lead to weak profitability for IT service companies. However, Tieto assumes that the initiated efficiency and streamlining measures as well as Tieto's increased offshoring will continue to yield results.

Typical risks faced by the IT service industry involve the quality of deliveries and related project overruns. Transitions to offshore delivery centres as well as the ongoing organizational change pose risks of project losses and penalties.

In some specialist areas, there are signs of a lack of resources and rising attrition. Therefore, the rise in personnel expenses might be higher than agreed in the labour agreements. In Asia, salaries are on the rise, in some areas even at a double-digit rate.

The data centre incident in Sweden is not yet settled and the final outcome is still subject to the completion of negotiations between Tieto and its customers, suppliers and insurance providers. The company has booked costs and provisions related to the incident according to its best estimation in its fourth-quarter results.

OUTLOOK FOR 2012

For 2012, 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).

Auditing

The full-year figures in this report are audited.

Financial calendar 2012

Week 8	Annual Report 2011 on Tieto's website
22 March	Annual General Meeting
25 April	Interim report 1/2012 (8.00 am EET)
20 July	Interim report 2/2012 (8.00 am EET)
23 October	Interim report 3/2012 (8.00 am EET)

ACCOUNTING POLICIES

When preparing these financial statements, the Group has followed the same accounting policies as in the annual financial statements for 2010, except for the effect of changes required by the adoption of the following new standards, interpretations and amendments to existing standards and interpretations on 1 January 2011.

The following new standards, interpretations and amendments to existing standards and interpretations issued during the year 2010 have been adopted by the Group in 2011, but with no impact on the Group's financial statements:

- IAS 24 (Revised), 'Related party disclosures'
- IAS 32 (Amendment), 'Financial Instruments: Presentation' – Classification of rights issues
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'
- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'.

IASB published changes to 7 standards or interpretations in July 2010 as part of the annual improvements to IFRS project, which were adopted by the Group in 2011. The changes have no impact on the Group financial statements:

- IFRS 3 (Amendment), 'Business combinations'
- IFRS 7 (Amendment), 'Financial instruments': Financial statement disclosures'
- IAS 1 (Amendment), 'Presentation of financial statements – statements of changes in equity'
- IAS 27 (Amendment), 'Consolidated and separate financial statements'
- IAS 34 (Amendment), 'Interim financial reporting'
- IFRIC 13 (Amendment), 'Customer loyalty programmes'.

The following new standards, interpretations and amendments to existing standards and interpretations issued during the year 2011 will be adopted by the Group in 2012 or later. However the changes are still subject to EU endorsement. The management is assessing the impact of these changes on the Group's financial statements:

- IFRS 7 (Amendments), 'Disclosures – Transfers of financial assets'
- IAS12 (Amendment), ' Income taxes'
- IAS 1 (Amendment), 'Financial statement presentation' regarding other comprehensive income
- IAS 19 (Amendment), 'Employee benefits'. This amendment eliminates the corridor approach and calculates finance costs on a net funding basis
- IFRS 9, 'Financial instruments'
- IFRS10, 'Consolidated financial statements'
- IFRS 12, 'Disclosures of interests in other entities'
- IFRS 13, 'Fair value measurement'
- IAS 27 (revised 2011), 'Separate financial statements'
- IAS 28 (revised 2011), 'Associates and joint ventures'. IAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11
- IFRIC 20, 'Stripping costs in the production phase of a surface mine'
- IAS 32 (Amendment), 'Offsetting Financial assets and financial liabilities'
- IFRS 7 (Amendment), 'Financial instruments: Disclosures of Offsetting financial assets and financial liabilities.

The following new standard will be adopted by the Group in 2013. However the standard is still subject to EU endorsement:

- IFRS 11, 'Joint arrangements'. The standard is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has right to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The equity accounting will decrease the Group net sales with around 4% and the operating margin (EBIT) will slightly increase, but the net profit for the period will not be impacted.

The accounting policies will be described in more detail in the annual financial statements for the year ended on 31 December 2011.

Key figures

	2011 10-12	2010 10-12	2011 7-9	2011 4-6	2011 1-3	**2011 1-12**	2010 1-12
Earnings per share, EUR							
- basic	**0.18**	0.02	0.31	0.16	0.19	**0.84**	0.69
- diluted	**0.18**	0.02	0.31	0.16	0.19	**0.84**	0.69
Equity per share, EUR	**7.90**	7.80	7.66	7.40	7.28	**7.90**	7.80
Return on equity rolling 12 month, %	**10.7**	9.2	8.9	9.6	9.9	**10.7**	9.2
Return on capital employed rolling 12 month, %	**18.3**	15.1	16.1	14.9	16.1	**18.3**	15.1
Equity ratio %	**46.4**	47.6	47.7	46.4	43.3	**46.4**	47.6
Net interest-bearing liabilities, EUR million	**82.7**	51.8	111.9	136.4	76.2	**82.7**	51.8
Gearing, %	**14.6**	9.3	20.4	25.8	14.6	**14.6**	9.3
Investments, EUR million	**13.8**	29.3	11.2	13.3	65.3	**103.6**	101.4

Number of shares

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	**2011 1-12**
Outstanding shares, end of period					
Basic	**71 469 473**	71 469 473	71 469 473	71 469 473	**71 469 473**
Diluted	**71 623 329**	71 544 493	71 592 934	71 628 528	**71 656 129**
Outstanding shares, average					
Basic	**71 469 473**	71 469 473	71 469 473	71 469 473	**71 469 473**
Diluted	**71 623 329**	71 544 493	71 592 934	71 628 528	**71 656 129**
Company's possession of its own shares					
End of period	**553 700**	553 700	553 700	553 700	**553 700**
Average	**553 700**	553 700	553 700	553 700	**553 700**

	2010 10-12	2010 1-12
Outstanding shares, end of period		
Basic	71 469 473	71 469 473
Diluted	71 634 426	71 683 732
Outstanding shares, average		
Basic *)	71 408 913	71 408 913
Diluted	71 637 910	71 690 740
Company's possession of its own shares		
End of period	553 700	553 700
Average	550 217	546 683

*) Number of shares included in the calculation of basic Earnings per share. Shares conveyed in 2009 are excluded for year 2010 as they could be returned until end of 2010.

Income statement, EUR million

	2011 10-12	2010 10-12	**2011 1-12**	2010 1-12	Change %
Net sales	**489.7**	472.2	**1 828.1**	1 713.7	7
Other operating income	**2.9**	4.2	**9.0**	17.5	-49
Employee benefit expenses	**268.8**	287.6	**1 028.7**	1 017.1	1
Depreciation, amortization and impairment charges	**28.7**	19.4	**96.5**	78.5	23
Other operating expenses	**169.0**	163.0	**613.8**	563.2	9
Operating profit (EBIT)	**26.1**	6.4	**98.1**	72.4	35
Interest and other financial income	**2.4**	1.8	**9.9**	10.6	-7
Interest and other financial expenses	**-4.1**	-3.1	**-17.1**	-16.9	1
Net exchange losses/gains	**-0.4**	0.6	**0.4**	0.0	-
Profit before taxes	**24.0**	5.7	**91.3**	66.1	38
Income taxes	**-11.5**	-4.3	**-31.4**	-16.6	89
Net profit for the period	**12.5**	1.4	**59.9**	49.5	21
Net profit for the period attributable to					
Shareholders of the Parent company	**12.5**	1.4	**59.9**	49.5	21
Non-controlling interest	**0.0**	0.0	**0.0**	0.0	-
	12.5	1.4	**59.9**	49.5	21

Earnings per share attributable to the shareholders of the Parent company, EUR

Basic	**0.18**	0.02	**0.84**	0.69	22
Diluted	**0.18**	0.02	**0.84**	0.69	22

Statement of comprehensive income, EUR million

Net profit for the period	**12.5**	1.4	**59.9**	49.5	21
Translation difference from the net investment in Swedish subsidiaries (net of tax)	**6.2**	3.2	**1.0**	20.7	-95
Translation differences	**-1.0**	1.7	**-4.9**	1.5	-
Cash flow hedges	**-1.3**	-0.6	**-1.7**	-0.1	-
Total comprehensive income	**16.4**	5.7	**54.3**	71.6	-24
Total comprehensive income attributable to					
Shareholders of the Parent company	**16.4**	5.7	**54.3**	71.6	-24
Non-controlling interest	**0.0**	0.0	**0.0**	0.0	-
	16.4	5.7	**54.3**	71.6	-24

Balance sheet, EUR million

	2011 31 Dec	2010 31 Dec	Change %
Goodwill	**413.2**	422.9	-2
Other intangible assets	**77.1**	51.4	50
Property, plant and equipment	**103.2**	121.2	-15
Deferred tax assets	**49.4**	63.0	-22
Finance lease receivables	**3.4**	3.4	0
Available-for-sale financial assets	**0.8**	0.8	0
Total non-current assets	***647.1***	*662.7*	*-2*
Trade and other receivables	**469.6**	465.2	1
Pension benefit assets	**9.5**	5.2	83
Finance lease receivables	**1.7**	3.1	-45
Current income tax receivables	**14.8**	6.4	131
Cash and cash equivalents	**95.8**	98.0	-2
Total current assets	***591.4***	*577.9*	*2*
Assets classified as held for sale	**41.4**	-	-
Total assets	**1 279.9**	1 240.6	3
Share capital, share issue premiums and other reserves	**114,8**	114,6	0
Retained earnings	**449,8**	442,8	2
Parent shareholders' equity	***564.6***	*557.4*	*1*
Non-controlling interest	**0.2**	0.1	100
Total equity	***564.8***	*557.5*	*1*
Loans	**117.9**	151.4	-22
Deferred tax liabilities	**37.9**	38.1	-1
Provisions	**7.0**	2.9	141
Pension obligations	**23.4**	20.7	13
Other non-current liabilities	**4.9**	3.8	29
Total non-current liabilities	***191.1***	*216.9*	*-12*
Trade and other payables	**390.4**	411.1	-5
Current income tax liabilities	**9.2**	10.1	-9
Provisions	**30.1**	40.1	-25
Loans	**65.7**	4.9	1 241
Total current liabilities	***495.4***	*466.2*	*6*
Liabilities classified as held for sale	**28.6**	-	-
Total equity and liabilities	**1 279.9**	1 240.6	3

Net working capital in the balance sheet, EUR million

	2011 31 Dec	2010 31 Dec	Change %	2011 31 Mar	2011 30 Jun	2011 30 Sep
Accounts receivable	**354.7**	367.1	-3	345.8	344.1	318.5
Other working capital receivables	**121.3**	101.2	20	133.5	125.3	134.1
Working capital receivables included in assets	**476.0**	468.3	2	479.3	469.4	452.6
Operative accruals	**155.1**	173.8	-11	180.6	164.1	139.9
Other working capital liabilities	**236.1**	235.8	0	243.8	218.4	225.9
Pension obligations and provisions	**60.5**	63.7	-5	60.9	63.9	59.1
Working capital liabilities included in current liabilities	**451.7**	473.3	-5	485.3	446.4	424.9
Net working capital in the balance sheet	**24.3**	-5.0	-586	-6.0	23.0	27.7

Cash flow, EUR million

	2011 10-12	2010 10-12	2011 7-9	2011 4-6	2011 1-3	**2011 1-12**	2010 1-12
Cash flow from operations							
Net profit	**12.5**	1.4	22.5	11.5	13.4	**59.9**	49.5
Adjustments							
Depreciation. amortization and impairment charges	**28.7**	19.4	22.1	22.8	22.9	**96.5**	78.5
Share-based payments	**0.7**	1.0	0.0	1.0	1.2	**2.9**	4.4
Profit/loss on sale of fixed assets and shares	**0.5**	1.3	0.3	0.2	0.1	**1.1**	1.2
Other adjustments	**2.6**	-2.1	-0.8	-1.2	1.3	**1.9**	-1.3
Net financial expenses	**2.1**	0.7	1.3	1.4	2.0	**6.8**	6.3
Income taxes	**11.5**	4.3	5.4	6.4	8.1	**31.4**	16.6
Change in net working capital	**-5.5**	59.8	-2.2	-34.6	0.2	**-42.1**	12.6
Cash generated from operations	**53.1**	85.8	48.6	7.5	49.2	**158.4**	167.8
Net financial expenses paid	**-5.2**	-4.9	-0.8	0.6	-2.5	**-7.9**	-6.8
Income taxes paid	**-4.2**	-8.5	-7.1	-8.1	-7.9	**-27.3**	-18.1
Net cash flow from operations	**43,7**	72.4	40.7	0.0	38.8	**123.2**	142.9
Cash flow from investing activities							
Acquisition of Group companies and business operations, net of cash acquired	**-**	-	-	-	-0.5	**-0.5**	-2.6
Capital expenditures	**-13.5**	-28.6	-11.3	-14.3	-17.0	**-56.1**	-95.8
Disposal of business operations	**0.0**	0.0	-	-	-	**0.0**	3.6
Sales of fixed assets	**0.0**	0.4	0.2	-0.5	0.4	**0.1**	0.5
Change in loan receivables	**2.2**	2.1	0.8	1.1	-2.7	**1.4**	2.4
Net cash used in investing activities	**-11,3**	-26.1	-10.3	-13.7	-19.8	**-55.1**	-91.9
Cash flow from financing activities							
Dividends paid	**-0.0**	-0.0	-	-50.0	-	**-50.0**	-36.0
Payments of finance lease liabilities	**-0.5**	-1.4	-0.6	-3.3	-1.4	**-5.8**	-5.3
Change in interest-bearing liabilities	**-3.4**	0.9	-2.7	-2.9	-4.4	**-13.4**	-36.7
Net cash used in financing activities	**-3,9**	-0.5	-3.3	-56.2	-5.8	**-69.2**	-78.0
Change in cash and cash equivalents	**28,5**	45.8	27.1	-69.9	13.2	**-1.1**	-27.0
Cash and cash equivalents at the beginning of period	**69,4**	51.7	47.4	113.4	98.0	**98.0**	123.3
Foreign exchange differences	**-0,6**	0.5	-5.1	3.9	2.2	**0.4**	1.7
Assets classified as held for sale	**-1,5**	-	-	-	-	**-1.5**	-
Change in cash and cash equivalents	**28,5**	45.8	27.1	-69.9	13.2	**-1.1**	-27.0
Cash and cash equivalents at the end of period	**95,8**	98.0	69.4	47.4	113.4	**95.8**	98.0

Statement of changes in shareholders' equity, EUR million

	Parent shareholders' equity							Non-controlling interest	Total equity
	Share capital	Share issue premiums and other reserves	Own shares	Translation differencies	Cash flow hedges	Retained earnings	Total		
At 31 Dec 2009	**75.8**	**34.8**	**-11.6**	**-44.8**	**0.0**	**463.4**	**517.6**	**0.7**	**518.3**
Comprehensive income									
Net profit for the period						49.5	49.5	0.0	49.5
Other comprehensive income									
Translation difference from the net investment in Swedish subsidiaries (net of tax)						20.7	20.7		20.7
Translation difference		4.0		66.3		-68.8	1.5		1.5
Cash flow hedges					-0.1		-0.1		-0.1
Total comprehensive income		**4.0**		**66.3**	**-0.1**	**1.4**	**71.6**	**0.0**	**71.6**
Transactions with owners									
Share-based payments recognized against equity						4.4	4.4		4.4
Dividend						-35.7	-35.7		-35.7
Changes due to business combinations						-0.5	-0.5	-0.2	-0.7
Non-controlling interest								-0.4	-0.4
Total transactions with owners		**0.0**	**0.0**			**-31.8**	**-31.8**	**-0.6**	**-32.4**
At 31 Dec 2010	**75.8**	**38.8**	**-11.6**	**21.5**	**-0.1**	**433.0**	**557.4**	**0.1**	**557.5**

	Parent shareholders' equity								
	Share capi-tal	Share issue premi-ums and other reserves	Own shares	Trans-lation differ-encies	Cash flow hedges	Re-tained earn-ings	Total	**Non-control-ling interest**	**Total equity**
At 31 Dec 2010	**75.8**	**38.8**	**-11.6**	**21.5**	**-0.1**	**433.0**	**557.4**	**0.1**	**557.5**
Comprehensive income									
Net profit for the period						59.9	59.9	0.0	59.9
Other comprehensive income									
Translation difference from the net investment in Swedish subsidiaries (net of tax)						1.0	1.0		1.0
Translation difference		0.2		-1.9		-3.2	-4.9		-4.9
Cash flow hedges					-1.7		-1.7		-1.7
Total comprehensive income		**0.2**		**-1.9**	**-1.7**	**57.7**	**54.3**	**0.0**	**54.3**
Transactions with owners									
Share-based payments recognized against equity						2.9	2.9		2.9
Dividend						-50.0	-50.0		-50.0
Non-controlling interest								0.1	0.1
Total transactions with owners		**0.0**	**0.0**			**-47.1**	**-47.1**	**0.1**	**-47.0**
At 31 Dec 2011	**75.8**	**39.0**	**-11.6**	**19.6**	**-1.8**	**443.6**	**564.6**	**0.2**	**564.8**

EUR 3.5 million has been reclassified from retained earnings to Translation differences at 31 Dec 2010.

Net sales by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**202**	197	3	**733**	726	1
Scandinavia	**147**	134	10	**548**	468	17
Central Europe & Russia	**36**	33	9	**131**	126	4
Global Accounts	**185**	189	-2	**729**	704	4
Group elimination	**-80**	-81	-1	**-313**	-311	0
Group total	**490**	472	4	**1 828**	1 714	7

Customer sales by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**176**	169	4	**629**	612	3
Scandinavia	**125**	115	9	**467**	395	18
Central Europe & Russia	**28**	26	7	**102**	101	2
Global Accounts	**161**	163	-1	**629**	606	4
Group total	**490**	472	4	**1 828**	1 714	7

Internal sales by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**26**	28	-7	**104**	114	-9
Scandinavia	**22**	19	13	**80**	74	9
Central Europe & Russia	**8**	7	16	**29**	25	14
Global Accounts	**24**	26	-10	**100**	98	2
Group total	**80**	81	-1	**313**	311	0

Sales between segments are carried out at arm's length.

Net sales by country, EUR million

	2011 1-12	Change %	Share %	2010 1-12	Share %
Finland	**823**	0	45	826	48
Sweden	**565**	18	31	479	28
Other	**440**	7	24	410	24
Group total	**1 828**	7	100	1 714	100

Customer sales by business line, EUR million

	2011 10-12	**2011 1-12**
Industry Solutions	**161**	**580**
Enterprise Solutions	**70**	**249**
Managed Services and Transformation	**171**	**652**
Product Engineering Solutions	**89**	**346**
Group total	**490**	**1 828**

The 2011 figures include project transfers between business lines. The comparison figures for 2010 have not been adjusted due to the vast amount of projects and therefore, the comparison figures for 2010 will not be disclosed**.**

Net sales by customer sector, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Telecom	**152**	150	1	**579**	571	1
Finance	**98**	98	1	**374**	358	5
Industry sectors	**240**	225	7	**875**	785	12
Group total	**490**	472	4	**1 828**	1 714	7

Revenues of EUR 220.4 million during January–December (EUR 230.8 million in 2010) are derived from a single external customer. These revenues are attributable to all reportable segments.

Operating profit (EBIT) by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**23.9**	16.7	43.7	**58.8**	67.1	-12.3
Scandinavia	**2.4**	7.6	-69.1	**18.7**	22.7	-17.7
Central Europe & Russia	**-6.8**	-14.2	51.9	**-21.0**	-24.3	13.6
Global Accounts	**9.6**	12.0	-20.0	**55.3**	57.0	-3.0
Steering Functions and Group Management	**-2.9**	-15.7	81.6	**-13.7**	-50.1	72.7
Operating profit (EBIT)	**26.1**	6.4	309.5	**98.1**	72.4	35.5

Operating margin (EBIT) by market unit, %

	2011 10-12	2010 10-12	Change	**2011 1-12**	2010 1-12	Change
Finland and the Baltic countries	**11.9**	8.5	3.4	**8.0**	9.2	-1.2
Scandinavia	**1.6**	5.7	-4.1	**3.4**	4.8	-1.4
Central Europe & Russia	**-18.9**	-42.7	23.8	**-16.0**	-19.3	3.3
Global Accounts	**5.2**	6.3	-1.1	**7.6**	8.1	-0.5
Operating margin (EBIT)	**5.3**	1.4	4.0	**5.4**	4.2	1.1

Personnel by country

	End of period				Average	
	2011 1-12	Change %	Share %	2010 1-12	**2011 1-12**	2010 1-12
Finland	**5 512**	-5	30	5 776	**5 683**	5 780
Sweden	**3 121**	3	17	3 023	**3 099**	2 967
Czech Republic	**1 957**	4	11	1 886	**1 931**	1 785
India	**1 646**	10	9	1 499	**1 611**	1 218
China	**1 395**	27	8	1 096	**1 262**	870
Poland	**1 191**	25	7	950	**1 109**	806
Germany	**867**	-14	5	1 010	**952**	1 028
Latvia	**589**	1	3	582	**581**	593
Norway	**470**	-6	3	500	**480**	519
Italy	**276**	19	2	232	**257**	258
Great Britain	**202**	-4	1	211	**199**	232
Lithuania	**152**	-10	1	169	**158**	177
Denmark	**131**	-31	1	190	**158**	204
Netherlands	**122**	-7	1	132	**125**	131
Russia	**97**	-25	1	130	**113**	123
Estonia	**84**	-21	0	106	**94**	116
Other	**313**	18	2	265	**285**	292
Group total	**18 123**	2	100	17 757	**18 098**	17 097

Non-current assets by country, EUR million

	2011 31 Dec	2010 31 Dec	Change %
Finland	**128.0**	106.6	20
Sweden	**33.9**	38.9	-13
Other	**18.5**	27.2	-32
Total countries	**180.3**	172.7	4
Non-current assets classified as held for sale	**3.1**	0.0	-
Total non-current assets	**183.4**	172.7	6

Goodwill is allocated to the Cash Generating Units, which include several countries and therefore goodwill is not included in the country specific non-current assets shown above.

Capital expenditure by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**8.8**	22.2	-60	**85.8**	68.8	25
Scandinavia	**2.8**	5.1	-45	**9.4**	21.7	-57
Central Europe & Russia	**0.3**	0.8	-62	**3.9**	4.3	-8
Global Accounts	**1.9**	1.1	71	**3.9**	4.7	-18
Steering Functions and Group Management	**0.0**	0.0	-	**0.5**	0.0	-
Group total	**13.8**	29.2	-53	**103.6**	99.5	4

Depreciation by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**14.9**	11.9	25	**61.7**	44.7	38
Scandinavia	**2.6**	2.9	-8	**11.6**	10.6	10
Central Europe & Russia	**1.5**	1.1	31	**3.7**	2.6	41
Global Accounts	**1.5**	0.8	75	**4.1**	3.3	26
Steering Functions and Group Management	**0.4**	0.7	-39	**2.1**	2.2	-4
Group total	**20.9**	17.5	19	**83.2**	63.3	31

Amortization on allocated intangible assets from acquisitions by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**0.1**	0.3	-62	**0.4**	0.4	7
Scandinavia	**0.3**	0.3	-9	**1.2**	1.2	2
Central Europe & Russia	**0.3**	0.3	-2	**1.4**	1.4	-5
Global Accounts	**1.1**	1.1	-7	**4.3**	4.6	-6
Steering Functions and Group Management	**0.0**	- 0.2	-100	**0.0**	0.0	-33
Group total	**1.8**	1.9	-6	**7.3**	7.6	-4

Impairment losses by market unit, EUR million

	2011 10-12	2010 10-12	Change %	**2011 1-12**	2010 1-12	Change %
Finland and the Baltic countries	**0.0**	0.0	0	**0.0**	0.0	0
Scandinavia	**0.2**	0.0	-	**0.2**	0.0	-
Central Europe & Russia	**0.0**	0.0	0	**0.0**	0.0	0
Global Accounts	**5.8**	0.0	-	**5.8**	7.6	-23
Steering Functions and Group Management	**0.0**	0.0	0	**0.0**	0.0	0
Group total	**6.0**	0.0	-	**6.0**	7.6	-21

Commitments and contingencies, EUR million

	31 Dec 2011	31 Dec 2010
For Tieto obligations		
Pledges	**-**	-
On behalf of joint ventures	**-**	-
Other Tieto obligations		
Rent commitments due in one year	**53.7**	51.4
Rent commitments due in 1-5 years	**118.3**	117.6
Rent commitments due after 5 years	**42.4**	41.6
Operating lease commitments due in one year	**8.2**	5.5
Operating lease commitments due in 1-5 years	**8.5**	5.3
Operating lease commitments due after 5 years	**0.0**	0.0
Other commitments		
Performance guarantees	**39.3**	32.0
Lease guarantees	**10.4**	9.7
Other	**0.8**	1.0

Derivatives, EUR million

Notional amounts of derivatives

Includes the gross amount of all notional values for contracts that have not yet been settled or closed. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by other contracts.

	31 Dec 2011	31 Dec 2010
Foreign exchange forward contracts	**235.6**	286.5
Forward contracts outside hedge accounting	**187.2**	239.6
Forward contracts within hedge accounting	**48.5**	46.9
Electricity price futures contracts	**3.4**	-
Interest rate swap	**250.0**	250.0
Currency options	**-**	12.3

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date were:	**31 Dec 2011**	31 Dec 2010
Foreign exchange forward contracts	**-5.1**	2.0
Electricity price futures contracts	**-0.7**	-
Interest rate swaps	**-0.6**	-1.7
Currency options	**-**	0.0

Derivatives are used for economic hedging purposes only.

Gross positive fair values of derivatives:	**Positive 31 Dec 2011**	Positive 31 Dec 2010
Foreign exchange forward contracts	**0.9**	3.9
Forward contracts outside hedge accounting	**0.8**	3.5
Forward contracts within hedge accounting *)	**0.1**	0.4
Electricity price futures contracts	**-**	-
Interest rate swaps	**2.5**	2.1
Currency options	**-**	0.0

Gross negative fair values of derivatives:	**Negative 31 Dec 2011**	Negative 31 Dec 2010
Foreign exchange forward contracts	**-5.9**	-1.9
Forward contracts outside hedge accounting	**-3.5**	-1.5
Forward contracts within hedge accounting *)	**-2.4**	-0.4
Electricity price futures contracts	**-0.7**	-
Interest rate swaps	**-3.1**	-3.7
Currency options	**-**	0.0
*) Forward contracts within hedge accounting (net)	**-2.3**	0.0
The amount recognized in equity	**-2.2**	-0.1
Net periodic interest rate difference recognized in interest income/expenses	**-0.1**	0.0

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months. Gains and losses, recognized in the hedging reserve in equity (see Cash flow hedges below) on forward foreign exchange contracts as of 31 December 2011 amounted to a net of EUR -2.2 million. These are recognised in the income statement in the current period or periods during which the hedged forecast transactions affect the income statement. This is usually within 12 months from the end of the reporting period. The hedged cash flows are expected to expire monthly in 2012.

The efficient portion of cash flow hedges recognized in net sales at 31 December 2011 amounted to a gain of EUR 1.0 million (EUR 0.0 million in 2010) including the interest rate difference. The efficient portion of cash flow hedges recognized in net sales at 31 December 2011 amounted to a loss of EUR 0.2 million (EUR 0.0 million in 2010) including the interest rate difference.

The inefficient portion recognized in the other operating income that arises from cash flow hedges amounts to a gain of EUR 0.0 million at 31 December 2011. The inefficient portion recognized in other operating expenses that arises from cash flow hedges amounts to a loss of EUR 0.0 million at 31 December 2011. There was no ineffectiveness to be recorded from cash flow hedges in 2010.

Cash flow hedges

EUR million	**Hedging reserve**
Balance at 1 Jan 2010	-
Fair value gains in year	0.3
Fair value losses in year	-0.4
Tax on fair value gains	0.0
Tax on fair value losses	0.0
Balance at 31 Dec 2010	-0.1
Balance at 1 Jan 2011	**-0.1**
Fair value gains in year	0.1
Fair value losses in year	-2.2
Tax on fair value gains	0.0
Tax on fair value losses	0.4
Balance at 31 Dec 2011	**-1.8**

QUARTERLY FIGURES

Key figures

	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Earnings per share, EUR				
- basic	**0.18**	0.31	0.16	0.19
- diluted	**0.18**	0.31	0.16	0.19
Equity per share, EUR	**7.90**	7.66	7.40	7.28
Return on equity rolling 12 month, %	**10.7**	8.9	9.6	9.9
Return on capital employed rolling 12 month, %	**18.3**	16.1	14.9	16.1
Equity ratio %	**46.4**	47.7	46.4	43.3
Net interest-bearing liabilities, EUR million	**82.7**	111.9	136.4	76.2
Gearing, %	**14.6**	20.4	25.8	14.6
Investments, EUR million	**13.8**	11.2	13.3	65.3

	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Earnings per share, EUR				
- basic	0.02	0.34	0.17	0.17
- diluted	0.02	0.34	0.17	0.17
Equity per share, EUR	7.80	7.72	7.33	7.10
Return on equity rolling 12 month, %	9.2	14.2	13.8	13.6
Return on capital employed rolling 12 month, %	15.1	18.6	21.1	19.6
Equity ratio %	47.6	51.1	48.0	45.8
Net interest-bearing liabilities, EUR million	51.8	96.4	89.6	51.9
Gearing, %	9.3	17.5	17.1	10.2
Investments, EUR million	29.3	23.6	25.2	23.3

Income statement, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Net sales	**489.7**	414.5	462.3	461.6
Other operating income	**2.9**	1.6	2.8	1.7
Employee benefit expenses	**268.8**	223.7	270.9	265.3
Depreciation, amortization and impairment charges	**28.7**	22.1	22.8	22.9
Other operating expenses	**169.0**	141.1	152.2	151.5
Operating profit (EBIT)	**26.1**	29.2	19.2	23.6
Financial income and expenses	**-2.1**	-1.3	-1.4	-2.0
Profit before taxes	**24.0**	27.9	17.8	21.6
Income taxes	**-11.5**	-5.4	-6.4	-8.1
Net profit for the period	**12.5**	22.5	11.4	13.5

	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Net sales	472.2	387.1	431.5	422.9
Other operating income	4.2	3.8	2.5	7.0
Employee benefit expenses	287.6	219.2	255.8	254.5
Depreciation, amortization and impairment charges	19.4	17.9	18.2	23.0
Other operating expenses	163.0	126.1	140.5	133.6
Operating profit (EBIT)	6.4	27.7	19.5	18.8
Financial income and expenses	-0.7	-3.4	-1.1	-1.1
Profit before taxes	5.7	24.3	18.4	17.7
Income taxes	-4.3	0.1	-6.7	-5.7
Net profit for the period	1.4	24.4	11.7	12.0

Balance sheet, EUR million

	2011 31 Dec	2011 30 Sep	2011 30 Jun	2011 31 Mar
Goodwill	**413.2**	416.6	418.0	421.3
Other intangible assets	**77.1**	82.3	88.1	93.4
Property, plant and equipment	**103.2**	109.7	116.0	119.5
Other non-current assets	**53.6**	64.3	66.7	67.4
Total non-current assets	***647.1***	*672.9*	*688.8*	*701.6*
Trade receivables and other current assets	**495.6**	479.8	488.5	494.7
Cash and cash equivalents	**95.8**	69.4	47.4	113.4
Total current assets	***591.4***	*549.2*	*535.9*	*608.1*
Assets classified as held for sale	**41.4**	-	-	-
Total assets	**1 279.9**	1 222.1	1 224.7	1 309.7
Total equity	***564.8***	*547.4*	*528.9*	*520.3*
Non-current loans	**117.9**	122.7	176.4	185.6
Other non-current liabilities	**73.2**	74.4	72.2	66.7
Total non-current liabilities	***191.1***	*197.1*	*248.6*	*252.3*
Trade payables and other current liabilities	**399.6**	384.5	396.1	486.3
Provisions	**30.1**	27.4	35.7	37.7
Current loans	**65.7**	65.7	15.4	13.1
Total current liabilities	***495.4***	*477.6*	*447.2*	*537.1*
Liabilities classified as held for sale	**28.6**	-	-	-
Total equity and liabilities	**1 279.9**	1 222.1	1 224.7	1 309.7

	2010 31 Dec	2010 30 Sep	2010 30 Jun	2010 31 Mar
Goodwill	422.9	419.3	416.2	411.5
Other intangible assets	51.4	52.7	53.4	45.0
Property, plant and equipment	121.2	111.5	106.3	104.7
Other non-current assets	67.2	74.5	63.6	66.1
Total non-current assets	*662.7*	*658.0*	*639.5*	*627.3*
Trade receivables and other current assets	479.9	451.6	473.4	461.4
Cash and cash equivalents	98.0	51.7	58.9	98.4
Total current assets	*577.9*	*503.3*	*532.3*	*559.8*
Assets classified as held for sale	-	-	-	4.4
Total assets	1 240.6	1 161.3	1 171.8	1 191.5
Total equity	557.5	550.9	*523.6*	*507.2*
Non-current loans	151.4	152.6	153.8	155.2
Other non-current liabilities	65.5	66.3	61.8	61.3
Total non-current liabilities	*216.9*	*218.9*	*215.6*	*216.5*
Trade payables and other current liabilities	421.2	367.4	404.4	427.5
Provisions	40.1	19.9	24.6	33.3
Current loans	4.9	4.2	3.6	3.3
Total current liabilities	*466.2*	*391.5*	*432.6*	*464.1*
Liabilities classified as held for sale	-	-	-	*3.7*
Total equity and liabilities	1 240.6	1 161.3	1 171.8	1 191.5

Cash flow, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Cash flow from operations				
Net profit	**12.5**	22.5	11.5	13.4
Adjustments	**46.1**	28.3	30.6	35.6
Change in net working capital	**-5.5**	-2.2	-34.6	0.2
Cash generated from operations	**53.1**	48.6	7.5	49.2
Net financial expenses paid	**-5.2**	-0.8	0.6	-2.5
Income taxes paid	**-4.2**	-7.1	-8.1	-7.9
Net cash flow from operations	**43.7**	40.7	0.0	38.8
Net cash used in investing activities from operations	**-11.3**	-10.3	-13.7	-19.8
Net cash used in financing activities from operations	**-3.9**	-3.3	-56.2	-5.8
Change in cash and cash equivalents	**28.5**	27.1	-69.9	13.2
Cash and cash equivalents at the beginning of period	**69.4**	47.4	113.4	98.0
Foreign exchange differences	**-0.6**	-5.1	3.9	2.2
Assets classified as held for sale	**-1.5**	-	-	-
Change in cash and cash equivalents	**28.5**	27.1	-69.9	13.2
Cash and cash equivalents at the end of period	**95.8**	69.4	47.4	113.4

	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Cash flow from operations				
Net profit	1.4	24.4	11.7	12.0
Adjustments	24.6	23.8	26.8	30.5
Change in net working capital	59.8	-28.1	-9.2	-9.9
Cash generated from operations	85.8	20.1	29.3	32.6
Net financial expenses paid	-4.9	-3.0	-0.8	1.9
Income taxes paid	-8.5	-2.0	-1.0	-6.6
Net cash flow from operations	72.4	15.1	27.5	27.9
Net cash used in investing activities from operations	-26.1	-21.3	-28.8	-15.7
Net cash used in financing activities from operations	-0.5	-0.7	-36.8	-40.0
Change in cash and cash equivalents	45.8	-6.9	-38.1	-27.8
Cash and cash equivalents at the beginning of period	51.7	58.9	98.4	123.3
Foreign exchange differences	0.5	-0.3	-1.4	2.9
Change in cash and cash equivalents	45.8	-6.9	-38.1	-27.8
Cash and cash equivalents at the end of period	98.0	51.7	58.9	98.4

QUARTERLY FIGURES BY SEGMENTS

Net sales by market unit, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Finland and the Baltic countries	**202**	169	178	184	197	164	184	181
Scandinavia	**147**	120	140	141	134	105	118	111
Central Europe & Russia	**36**	31	33	31	33	30	32	31
Global Accounts	**185**	162	193	190	189	161	178	175
Group elimination	**-80**	-68	-80	-85	-81	-74	-81	-76
Group total	**490**	415	462	462	472	387	431	423

Customer sales by business line, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Industry Solutions	**161**	131	145	144
Enterprise Solutions	**70**	59	68	52
Managed Services and Transformation	**171**	149	158	175
Product Engineering Solutions	**89**	75	91	90
Group total	**490**	415	462	462

The 2011 figures include project transfers between business lines. The comparison figures for 2010 have not been adjusted due to the vast amount of projects and therefore, the comparison figures for 2010 will not be disclosed.

Net sales by customer sector, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Telecom	**152**	129	151	147	150	131	146	142
Finance	**98**	85	95	96	97	82	90	88
Industry sectors	**240**	200	216	219	225	173	194	193
Group total	**490**	415	462	462	472	387	431	423

Operating profit (EBIT) by market unit, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Finland and the Baltic countries	**23.9**	17.3	4.2	13.4	16.7	17.6	16.0	16.8
Scandinavia	**2.4**	6.0	5.1	5.2	7.6	5.1	5.8	4.2
Central Europe & Russia	**- 6.8**	- 3.6	- 5.6	- 5.0	- 14.2	- 3.9	- 4.2	- 2.0
Global Accounts	**9.6**	11.9	18.5	15.4	12.0	16.8	16.9	11.4
Steering Functions and Group Management	**- 2.9**	- 2.3	- 3.1	- 5.4	- 15.7	- 7.9	- 15.1	- 11.5
Operating profit (EBIT)	**26.1**	29.2	19.2	23.6	6.4	27.7	19.5	18.9

Operating margin (EBIT) by market unit, %

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Finland and the Baltic countries	**11.9**	10.2	2.4	7.3	8.5	10.7	8.7	9.3
Scandinavia	**1.6**	5.0	3.7	3.7	5.7	4.9	4.9	3.7
Central Europe & Russia	**-18.9**	-11.5	-17.1	-15.9	-42.7	-12.9	-13.3	-6.5
Global Accounts	**5.2**	7.4	9.6	8.1	6.3	10.4	9.5	6.5
Operating margin (EBIT)	**5.3**	7.1	4.1	5.1	1.4	7.2	4.5	4.5

Operating profit (EBIT) excl. one-off items by market unit, EUR million

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Finland and the Baltic countries	**24.6**	19.4	4.1	13.6	19.0	18.3	16.7	16.8
Scandinavia	**2.4**	8.6	9.2	5.2	6.6	5.0	5.5	4.2
Central Europe & Russia	**- 5.3**	- 3.6	- 5.4	- 5.0	- 0.3	- 3.8	- 4.2	- 2.0
Global Accounts	**15.3**	12.5	18.5	15.4	18.4	17.0	17.7	18.2
Steering Functions and Group Management	**- 2.8**	- 2.4	- 2.1	- 5.3	- 10.2	- 8.0	- 14.4	- 10.6
Operating profit (EBIT)	**34.2**	34.5	24.5	23.9	33.5	28.5	21.3	26.6

Operating margin (EBIT) excl. one-off items by market unit, %

	2011 10-12	2011 7-9	2011 4-6	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Finland and the Baltic countries	**12.2**	11.5	2.3	7.4	9.6	11.1	9.1	9.3
Scandinavia	**1.6**	7.2	6.6	3.7	4.9	4.8	4.6	3.7
Central Europe & Russia	**-14.7**	-11.4	-16.5	-15.8	-0.9	-12.7	-13.2	-6.4
Global Accounts	**8.3**	7.7	9.6	8.1	9.7	10.5	9.9	10.4
Operating margin (EBIT)	**7.0**	8.3	5.3	5.2	7.1	7.4	4.9	6.3

Major shareholders on 31 December 2011

		Shares	%
1	Cevian Capital *)	10 918 331	15.2
2	Solidium Oy	7 415 418	10.3
3	Varma Mutual Pension Insurance Co.	2 859 749	4.0
4	Etera Mutual Pension Insurance Co.	2 543 589	3.5
5	OP-Pohjola Group Central Cooperative	2 397 330	3.3
6	Ilmarinen Mutual Pension Insurance Co.	2 393 367	3.3
7	Swedbank Robur fonder	2 001 668	2.8
8	Svenska Litteratursällskapet i Finland	1 764 300	2.4
9	Tapiola Pension	1 430 000	2.0
10	OP-Delta	764 932	1.1
		34 488 684	47.9
	Nominee registered	32 155 699	44.6
	Others	5 378 790	7.5
	Total	**72 023 173**	**100.0**

Based on the ownership records of Euroclear Finland Oy and Euroclear Sweden AB.

*) According to the latest information, Cevian Capital´s holding on 8 December 2011 was 10 918 331 shares which represent 15.2% of the shares and voting rights.

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Press conference for analysts and media will be held at Tieto's premises in Helsinki, address: Aku Korhosen tie 2–6, at 2.30 pm EET (1.30 pm CET. 12.30 pm UK time). The results will be presented in English by Kimmo Alkio, President and CEO.

The conference will be webcasted and published live on Tieto's website www.tieto.com/investors and there will be a possibility to present questions online. An on-demand video will be available after the conference.

Tieto publishes financial information in English, Finnish and Swedish. All releases are posted in full on Tieto's website as soon as they are published.

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