Q3 2018

Strong growth – solid profitability

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Q3 2018 in brief

Strong growth – solid profitability

- Growth in local currencies 7%, organically 5%
- Strong performance continues in Technology Services and Modernization and Product Development Services
- Efficiency improvements compensate negative currency impact

The Nordic IT market remains dynamic

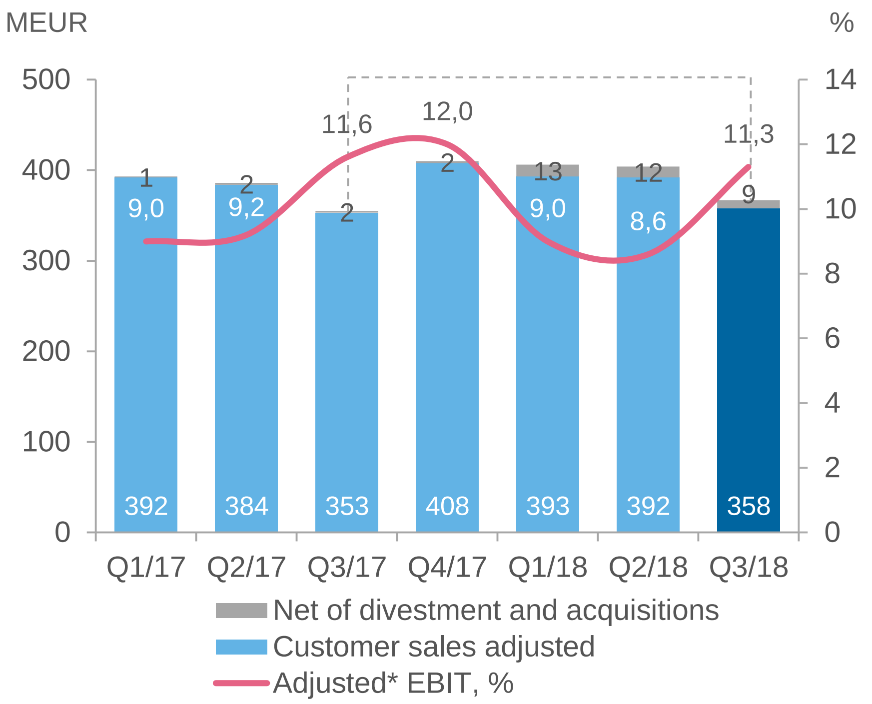
- Solid economic outlook continues to support IT market
- Good demand for software-based solutions, consulting and IT outsourcing
- Data-driven opportunities driving innovation and growth
- Tieto expects the Nordic IT services market to grow by ~2% in 2018

Q3 2018 key figures

Net sales up by 3.4%
- EUR 367.1 (355.0) million
- Growth in local currencies 7%
- Organic growth in local currencies 5%

EBIT margin 11.0% (11.6%)
- EBIT EUR 40.4 (41.1) million
- Adjusted* EBIT EUR 41.6 (41.1) million, 11.3% (11.6%)

Order backlog EUR 1 564 (1 678) million
- Negative currency impact
- Order backlog for 2018 provides support for the growth ambitions for the year



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

Business mix change driven by growth businesses and application services*

WE AIM TO GROW FASTER THAN THE MARKET*

*IT market growth expectation (CAGR 2015–2020) for the Nordics at 1.5–3%

SHARE OF IT SERVICES YTD/2018		GROWTH 1-9/2018
41%	Growth businesses**	8%
17%	Other services and solutions***	21%
42%	Traditional services	0%

* Application services growth in local currencies 8%, incl. in traditional services
** Growth solution portfolio described on the next slide
*** Including Avega

Investments supporting continuous renewal and growth

Up by 8% in local currencies in 1–9/2018

Customer Experience Management +12%

Data-Driven Businesses +145%

Cloud services +19%

Security services +4%

Selected industry solutions +4%

Lifecare

Payments

Credit solutions

Case management

Production excellence

SmartUtilities

Hydrocarbon management

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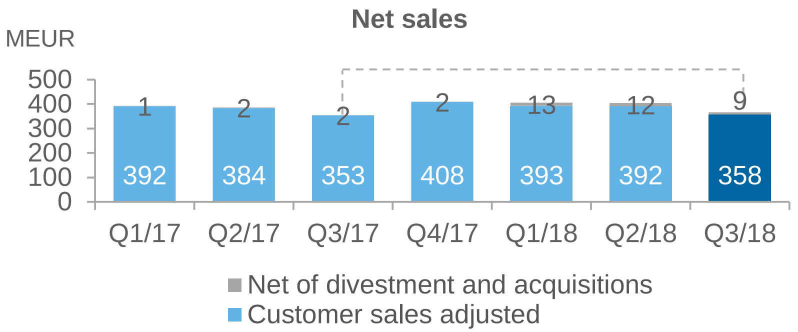
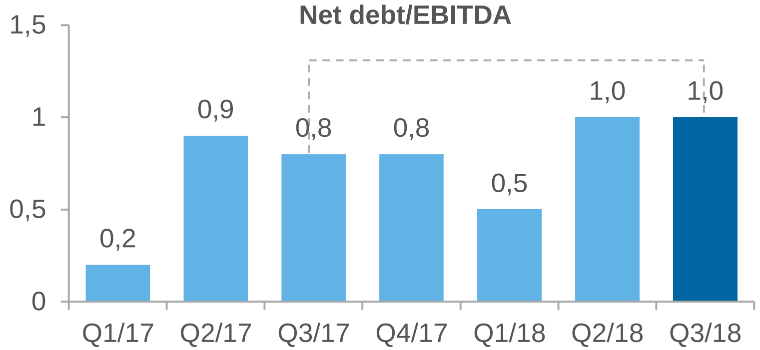
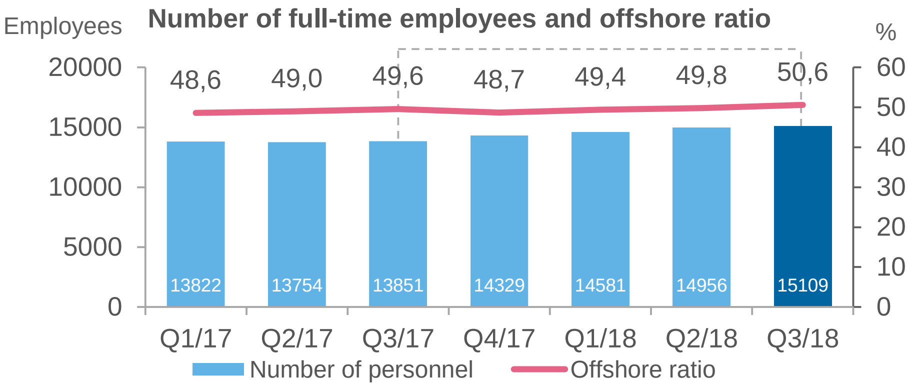
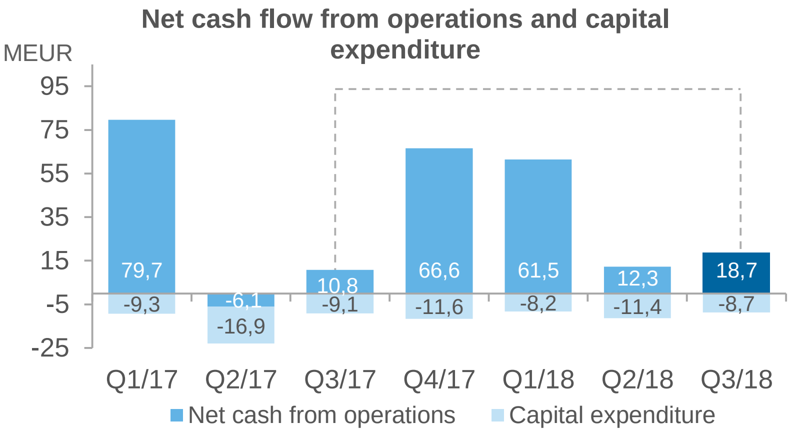
Quarterly development





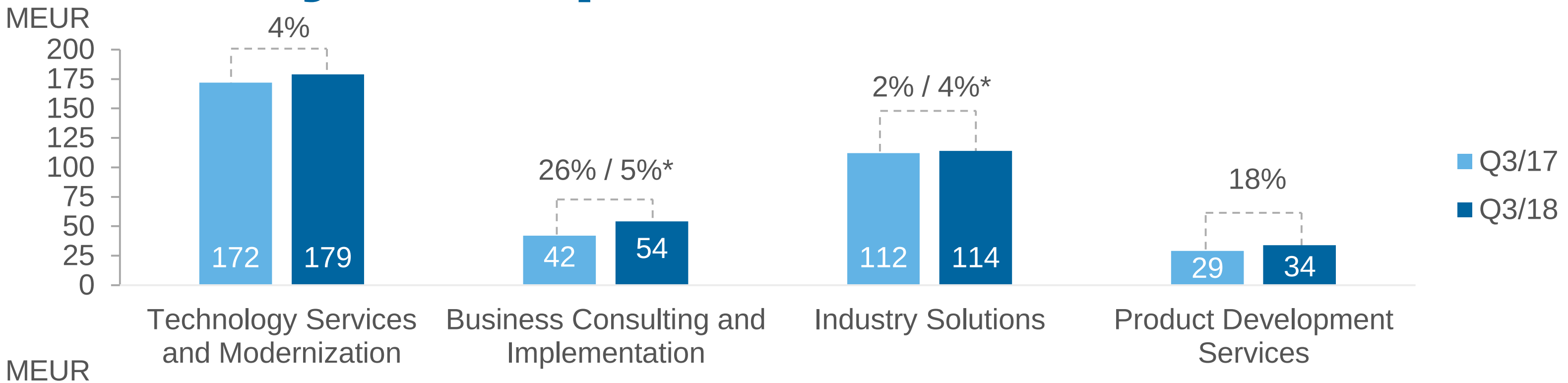


Number of personnel up by a net amount of 1258
Offshore ratio: IT services 48.1% (47.4%) PDS 71.8% (68.7%)

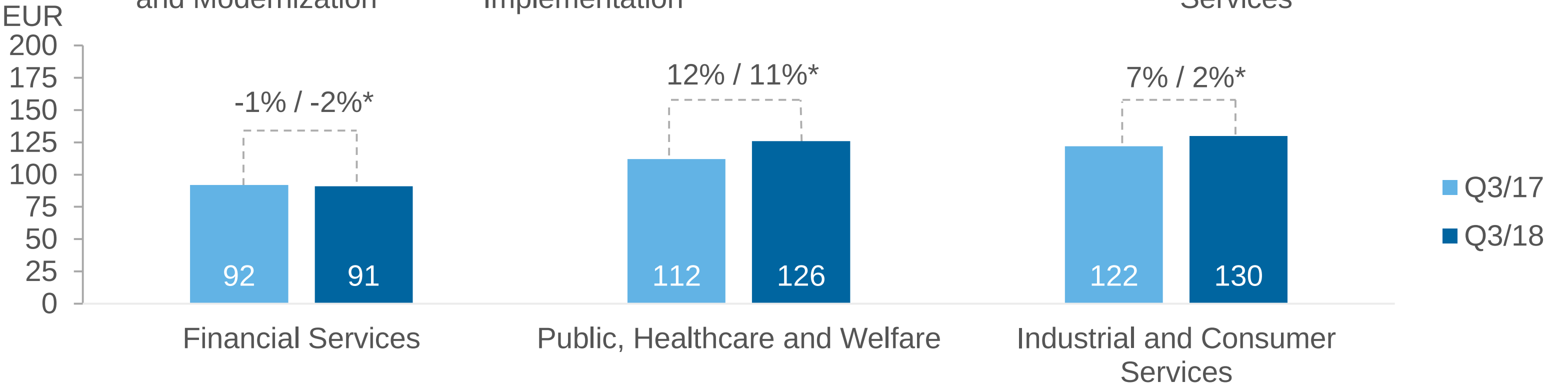


Growth in local currencies by Service Line and Industry Group

Service Lines

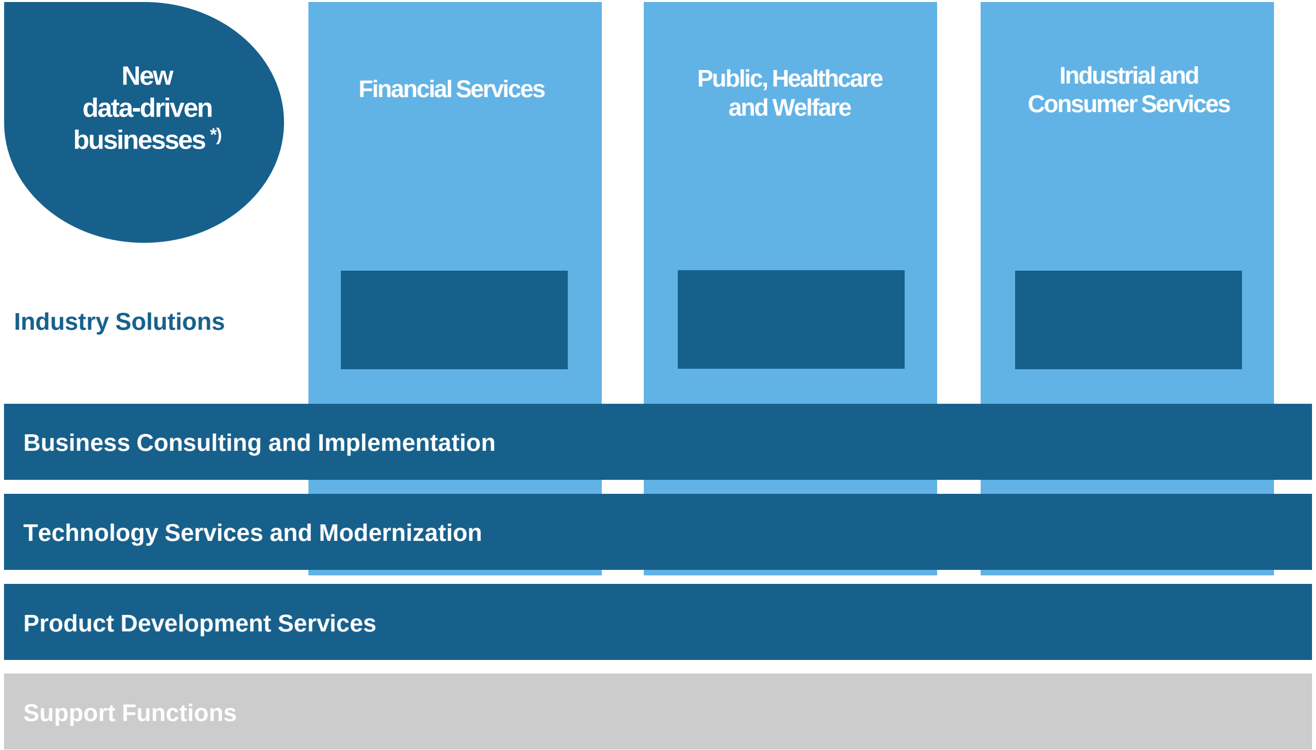


Industry Groups (IT services)



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

Service Lines



*) Reported in Industry Solutions

Technology Services and Modernization

Customer sales in Q3

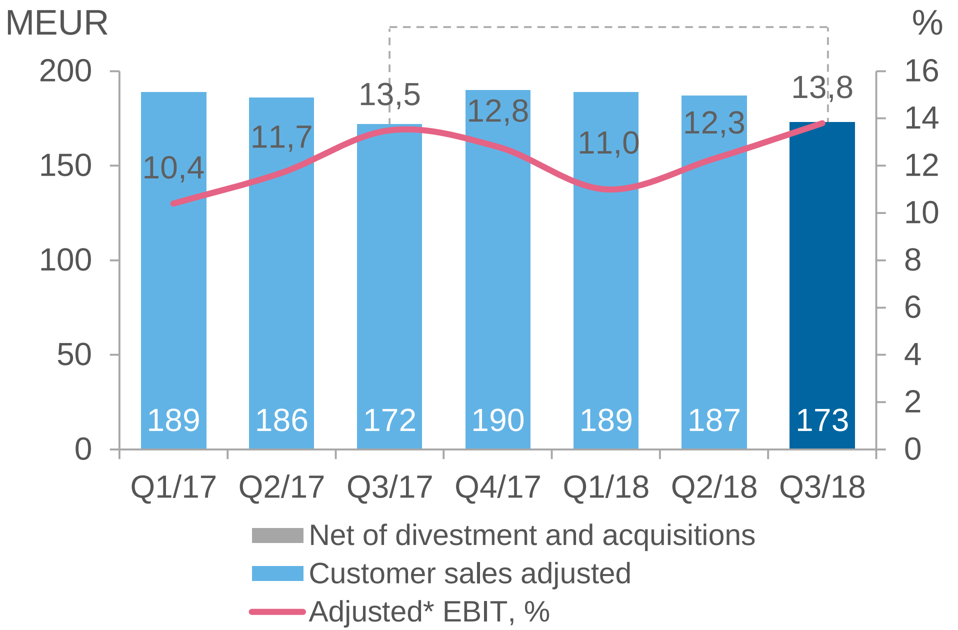
- EUR 173 (172) million, +1%, or +4% in local currencies

EBIT

- Adjusted* EBIT EUR 23.9 (23.1) million, 13.8% (13.5)

Q3 highlights

- Growth (in local currencies) driven by infrastructure cloud and application services – YTD up by 19% and 8%, respectively
- Decline in traditional infrastructure services continued, down by 4% YTD/2018
- Operating margin somewhat improved, partly due to good volume development
- Public Cloud Programme to ensure the leading position as a cloud service provider
- Less impact from the 2017 efficiency programme – Q4 adjusted operating margin anticipated to be below or close to Q4/2017 level



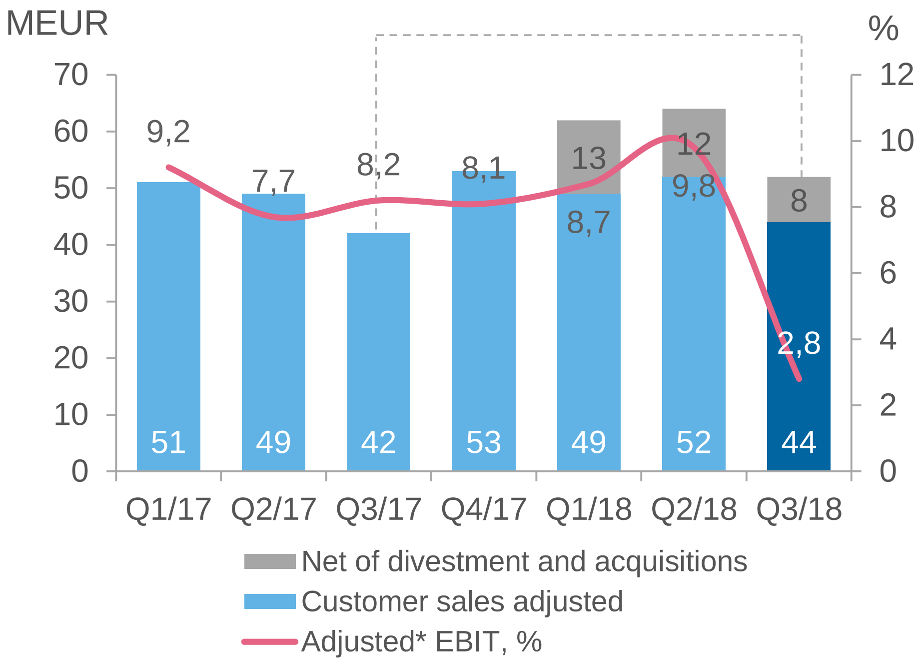
*) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items

Business Consulting and Implementation

Customer sales Q3
- EUR 52 (42) million, +22%, or +26% in local currencies
- Organic growth in local currencies +5%

EBIT
- Adjusted* EBIT EUR 1.5 (3.5) million, 2.8% (8.2)

Q3 highlights
- Organic growth driven by CEM – total growth supported by the acquisition of Avega
- Both sales growth and operating profit were impacted by one large challenging project
- Q4 adjusted operating margin expected to be close to Q4/2017 level



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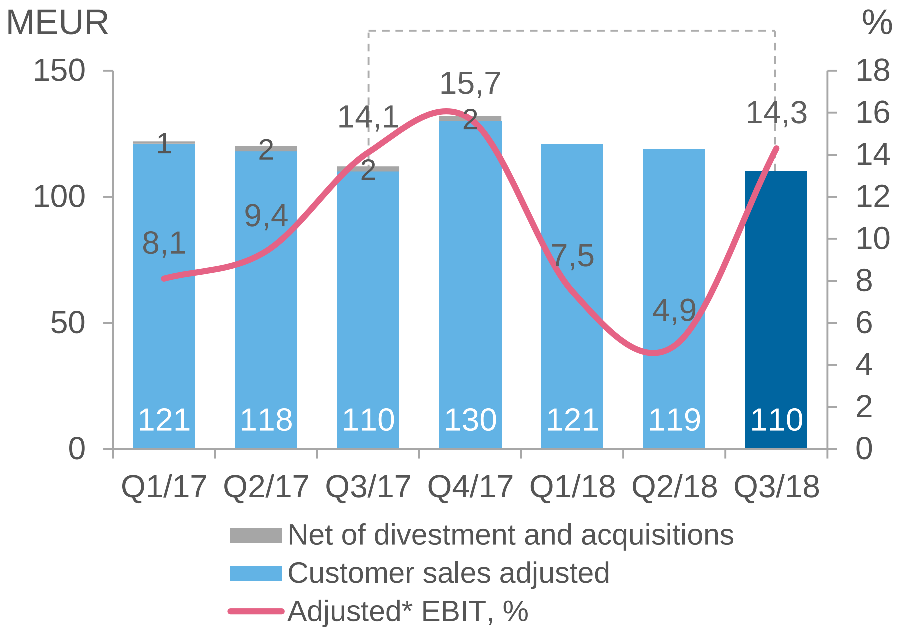
Industry Solutions

Customer sales Q3
- EUR 110 (112) million, -2%, or +2% in local currencies
- Organic growth in local currencies 4%

EBIT
- Adjusted* EBIT EUR 15.8 (15.8) million, 14.3% (14.1)

Q3 highlights
- Strong growth in Hydrocarbon Management and Credit solutions – sales for Lifecare outpaced the market
- Sales of Payments solutions were affected by the timing of license sales
- Technology renewal continues in selected solutions
  - Offering development costs up by 4 mEUR as planned
  - 1.7 mEUR related to platform development capitalized
- Q4 adjusted operating margin expected to improve from Q4/2017 level



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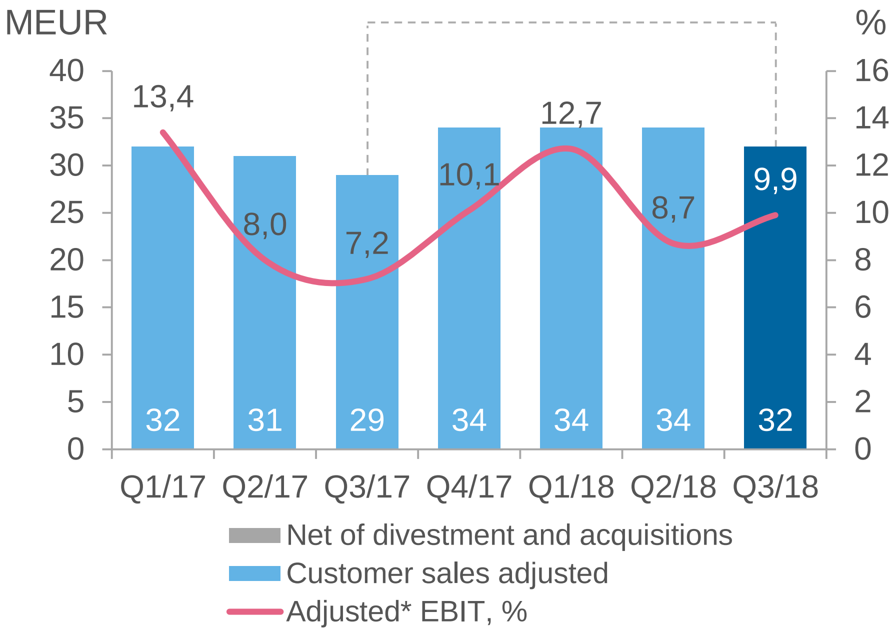
Product Development Services

Customer sales Q3
- EUR 32 (29) million, +11%, or +18% in local currencies

EBIT
- Adjusted* EBIT EUR 3.2 (2.1) million, 9.9% (7.2)

Q3 highlights
- Strong volume development with the largest key customers and good development in automotive
- EBIT margin improved due to good volume development contributing to improved utilization rates
- Solid market expansion opportunities
- Q4 adjusted operating margin anticipated to be close to Q4/2017 level which included non-recurring license sales



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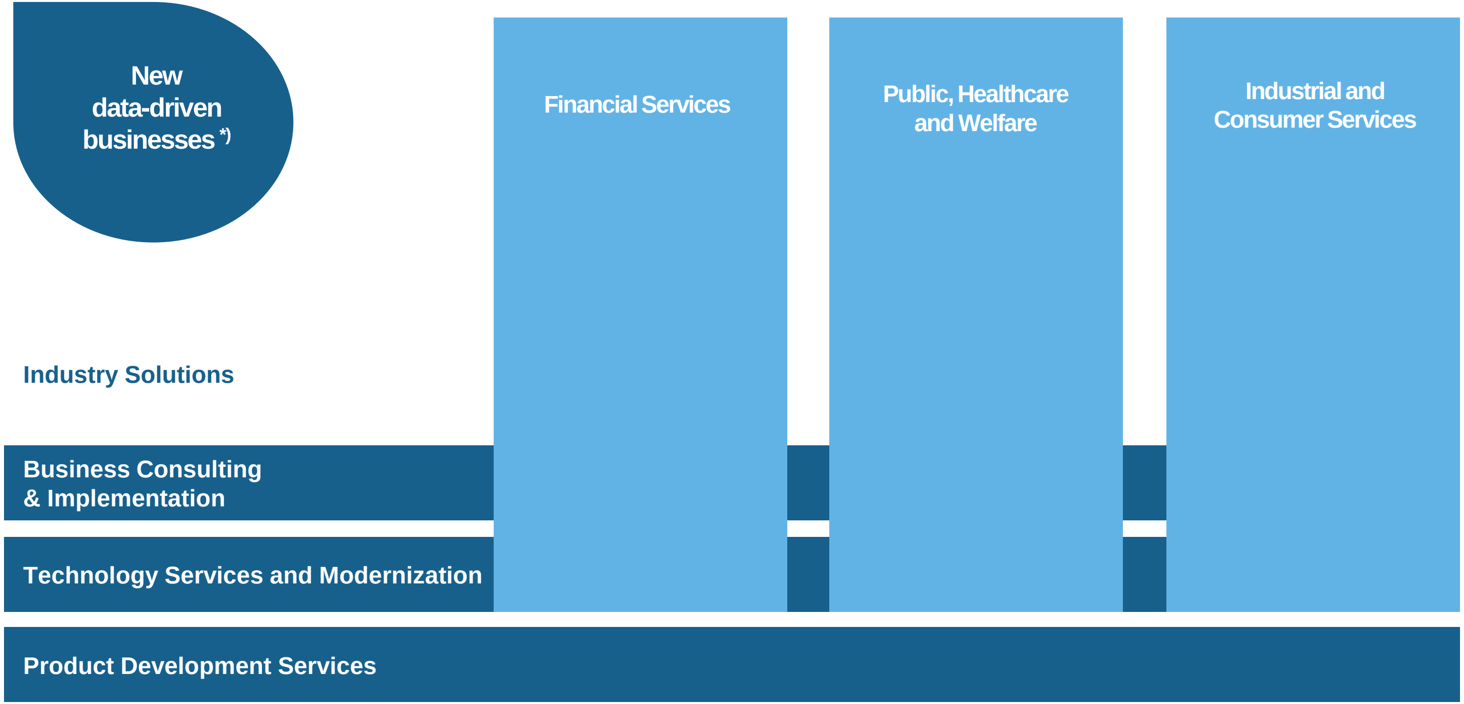
Industry Groups



*) Reported in Industry Solutions

Financial Services

Customer sales Q3

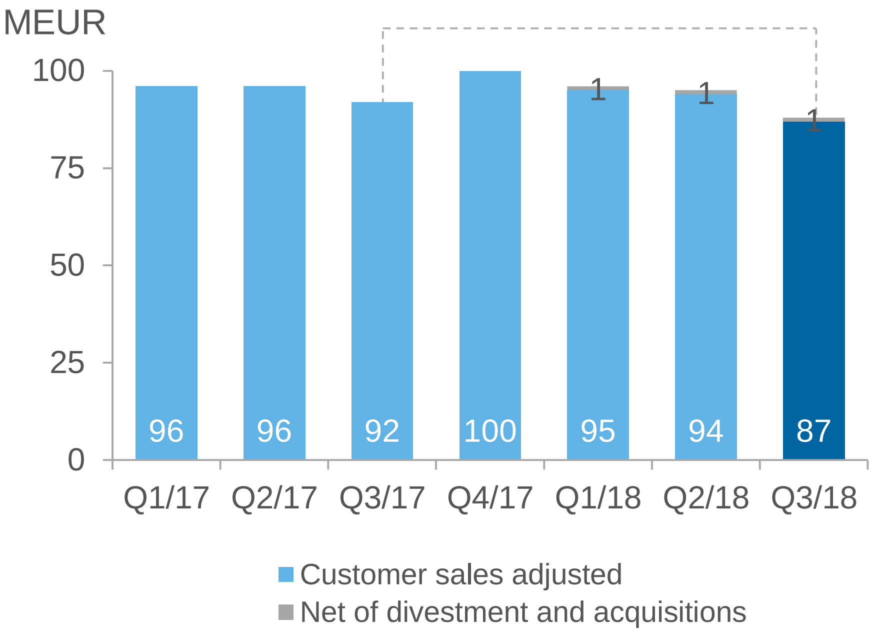
- EUR 88 (92) million, -4%, or -1% in local currencies

Sales split by service line

	Q3/2018	Q3/2017
TSM	57%	55%
BCI	9%	9%
IS	34%	36%

Q3 highlights

- In Industry Solutions, sales affected by the timing of license sales – Q3/2017 included a substantial delivery
  - Healthy growth in Credit solutions
- Payment solutions continued to expand its customer base and grow sales pipeline for the recently launched renewed VAM
- New agreements include Facevalue and Automatia Pankkiautomaatit
- Tieto named globally among Top 25 in Enterprise FinTech Rankings by IDC



Public, Healthcare and Welfare

Customer sales Q3

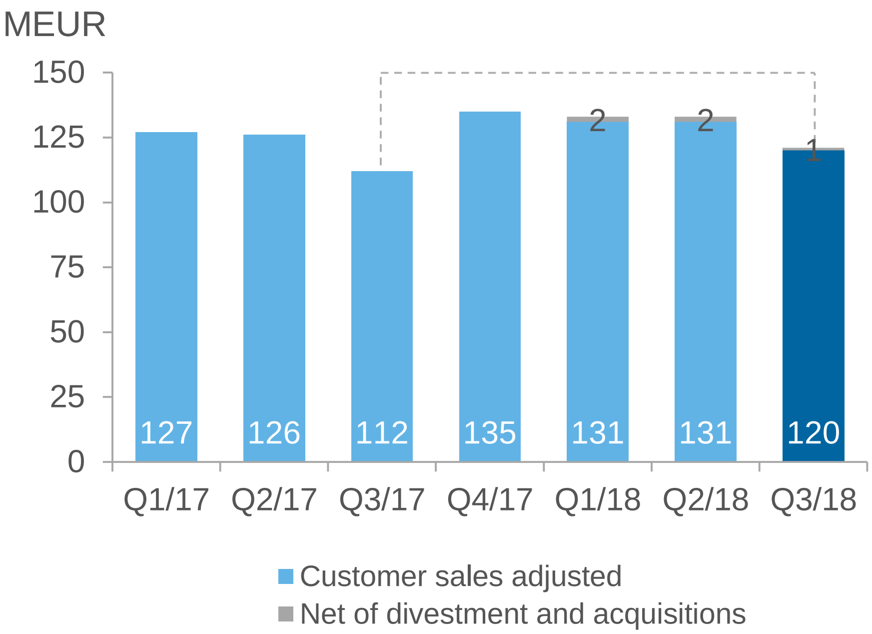
- EUR 121 (112) million, +8%, or +12% in local currencies

Sales split by service line

	Q3/2018	Q3/2017
TSM	46%	45%
BCI	12%	10%
IS	42%	45%

Q3 highlights

- Healthy development across the markets and businesses
- Active market with several digitalization initiatives and transition projects ongoing
- New agreements include Nynäshamn municipality



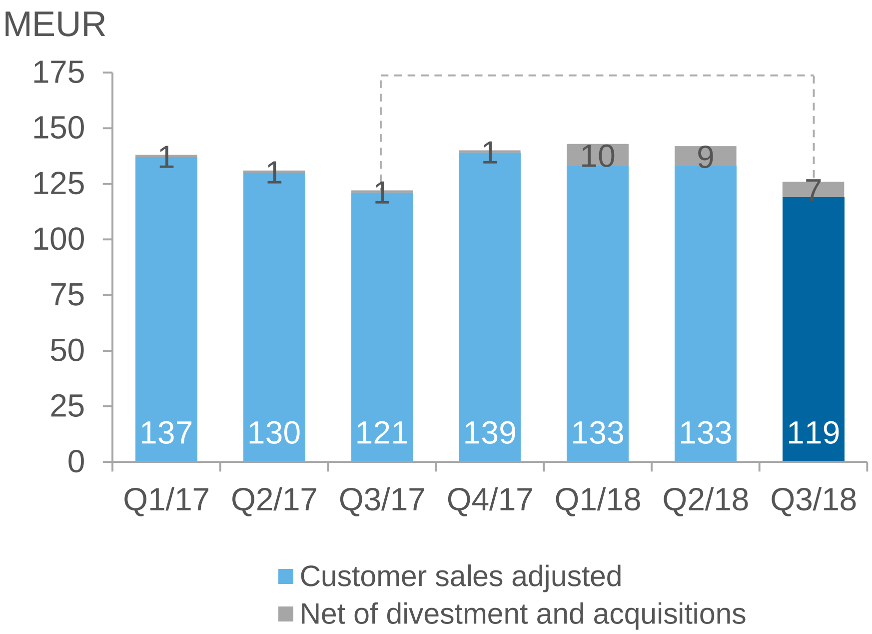
Industrial and Consumer Services

Customer sales Q3
- EUR 126 (122) million, +4%, or +7% in local currencies
- Organic growth in local currencies 2%

Sales split by service line

	Q3/2018	Q3/2017
TSM	54%	57%
BCI	23%	19%
IS	23%	24%

Q3 highlights
- Several new agreements concluded in 2018
- Growth supported by the acquisition of Avega
- Healthy growth especially in Hydrocarbon Management
- Cross-advertising product divested



Way forward

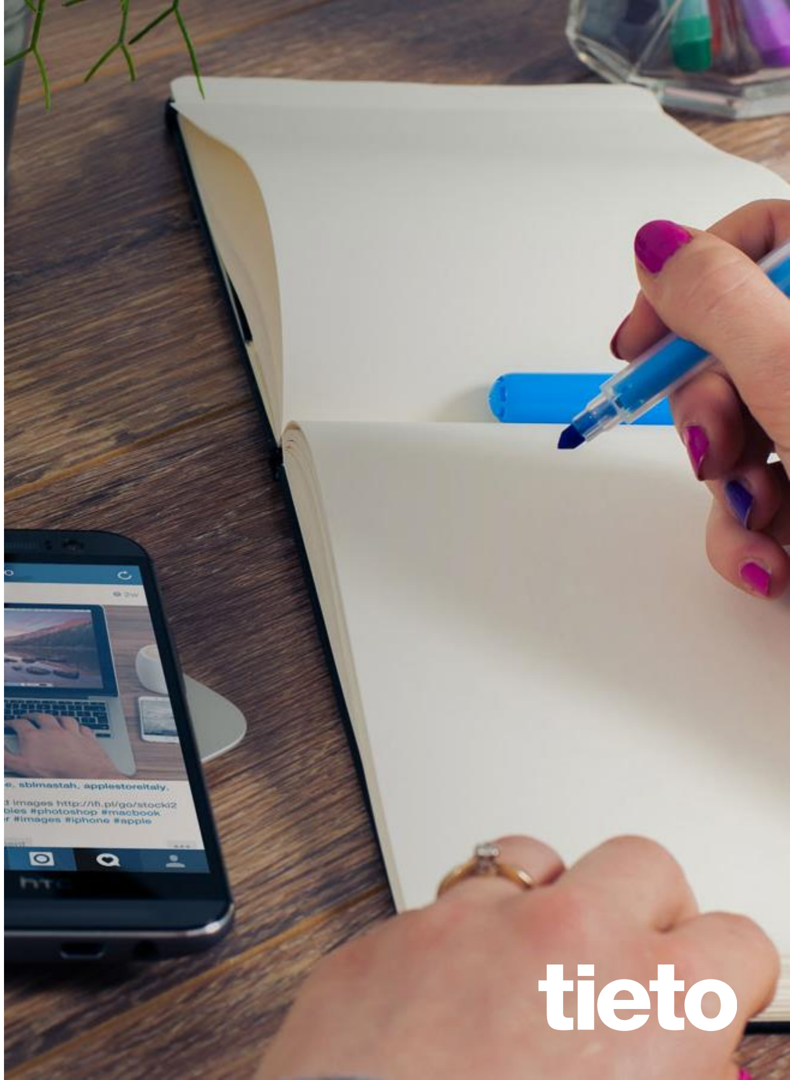
Performance drivers in 2018

- **Growth** above the market
- Favorable **offshoring** development
- **Productivity programmes and savings measures** ongoing
- **Salary inflation** close to EUR 30 million
- **Restructuring costs** expected to be 1–2% of Group sales: at the lower end of the range
- **Offering development** costs around 5% of Group sales
- Based on current rates, **currency** impact on sales ~EUR 48 million and on profit ~EUR 9 million

Guidance for 2018 unchanged

- Tieto expects its full-year adjusted*) operating profit (EBIT) to increase from the previous year's level (EUR 161.4 million in 2017)

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



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2018 THOMSON REUTERS
TOP100
GLOBAL TECH LEADER
50 years
MAKING PROGRESS TOWARDS
EQUILEAP
TOP 200
2018
GENDER EQUALITY
IDC
ENTERPRISE
TOP 25
FINTECH
RANKINGS 2018
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