

Q1 2020

Solid performance –
integration on schedule

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Outline

- CEO summary
- Q1 financial performance
- CFO report
- Merger and integration update
- Guidance and performance drivers

Q1 in brief

Solid performance – integration on schedule

Organic growth of 3% driven by software business and cloud services

Adjusted operating margin improvement to 10.5% driven especially by cloud and infrastructure business

Measures in place to mitigate potential Covid-19 impact

Integration proceeding well and end-of-year synergy run-rate increased from EUR 30-40 million to EUR 45-55 million

Adapting to Covid-19

Initiated measures to secure health and safety of employees and ensure continuity of customer services

Current market indicators imply a 2-5% negative full-year revenue impact due to Covid-19 in 2020

Short-term cost savings to mitigate potential financial impact

Resilience towards Covid-19 supported by industry mix and long-term nature of infrastructure, application and software businesses

Adapting to a new normal through digital services

TietoEVERY supporting society and the healthcare sector



Increasing Covid-19 testing capacity

A joint project among major companies to expand the testing of Covid-19 samples

The goal is to double the testing capacity in Finland

Detecting Covid-19 on x-rays

Artificial Intelligence to analyse lung x-rays and identify patterns on the radiographs of Covid-19 positive patients

Providing intensive care data for healthcare professionals

Benchmarking data can be utilized in Finnish intensive care units to develop patient care and medication

IT market outlook

New digital services, business continuity and cost optimization continue to be a driver for investments

Covid-19 expected to have negative impact on IT market in 2020

Industry analysts market growth estimates range from -3% to -7%

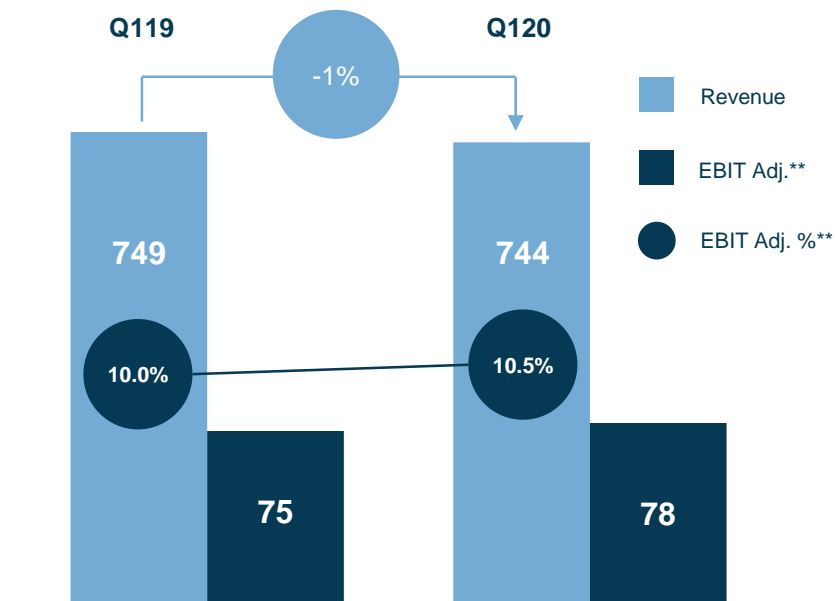


Q1 financial performance

TietoEVRY

Business highlights

- 3% organic* growth
- Software business, cloud services and strong performance in Norway contributed to growth
- Negative currency impact of 3% points on growth
- Adjusted EBIT 10.5% (10.0%) – improvement primarily driven by cloud and infrastructure business



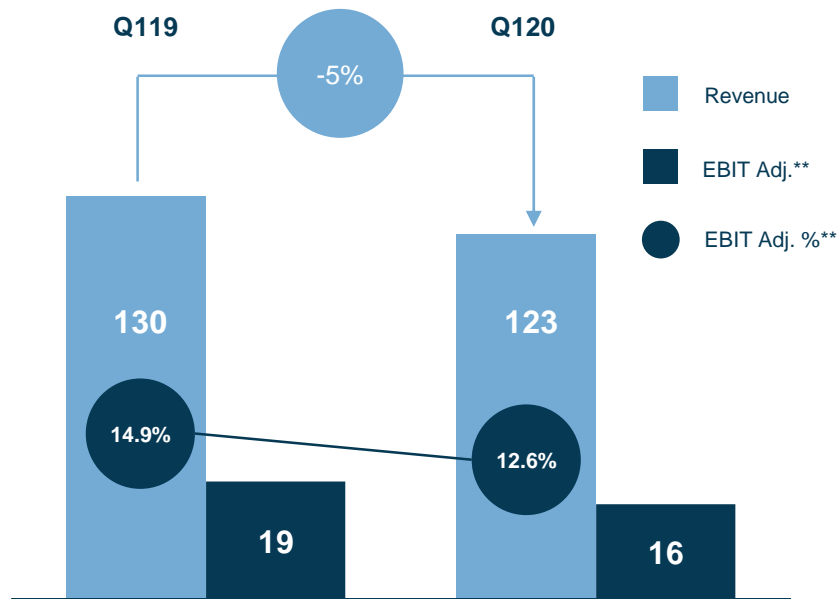
* Adjusted for currency effects, acquisitions and divestments

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

Digital Experience

Business highlights

- -4% organic* growth
- Revenue impacted by one large-scale customer insourcing in application services (as in Q4'19)
- Contract transfer to a joint venture had a negative impact of over 1%-point on growth (as in Q4'19)
- Adjusted EBIT 12.6% (14.9%) - affected by decline in sales and one continuing project over-run



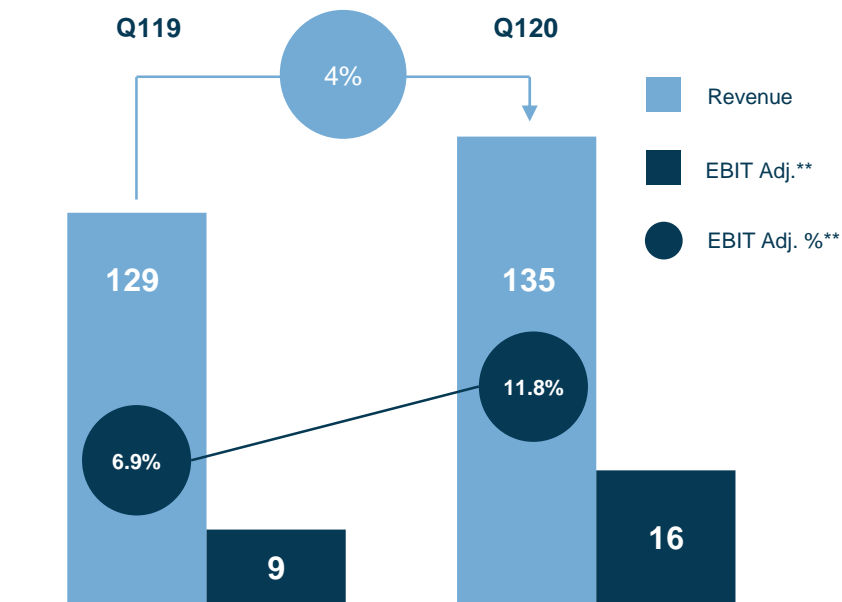
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Hybrid Infra

Business highlights

- 6% organic* growth driven by infrastructure cloud, up by 19%
- Revenue from traditional infrastructure at Q119 level
- Adjusted EBIT 11.8% (6.9%) – clear improvement supported by strong growth and the efficiency measures



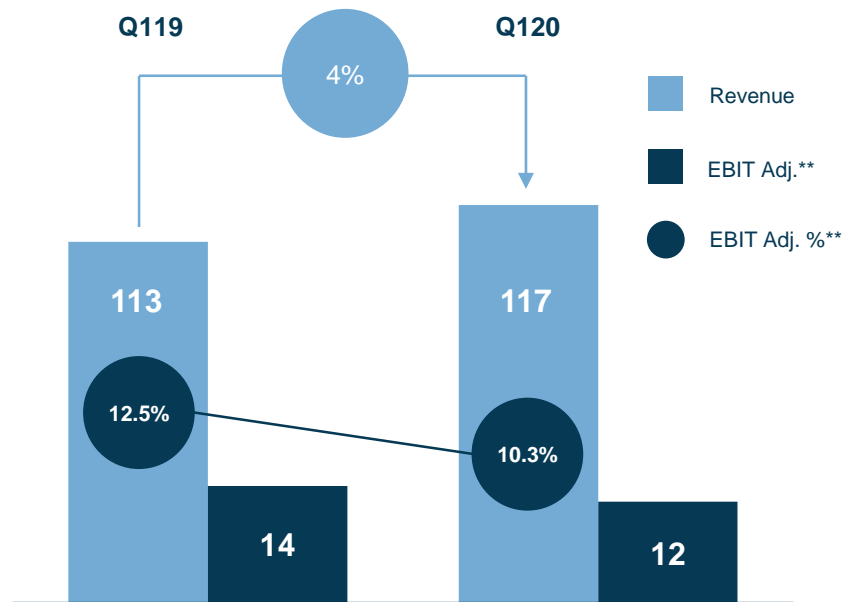
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Industry Software

Business highlights

- 7% organic* growth
- Strong growth in Payments and Oil & Gas solutions, revenue up by over 20%
- Good growth in healthcare and welfare solutions continued, up by 6%
- Adjusted EBIT 10.3% (12.5%) – affected by the continued technological renewal of SmartUtilities



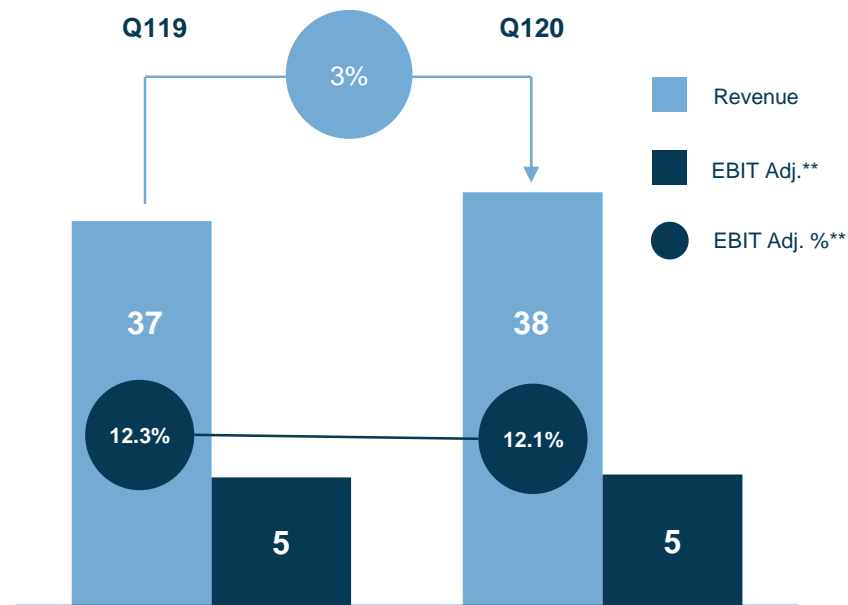
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Product Development Services

Business highlights

- 5% organic* growth
- Strong volume development with the largest key customers focused on Radio and 5G technologies
- Good development continued in the automotive segment with new key customers
- Adjusted EBIT 12.1% (12.3%) – continued strong profitability



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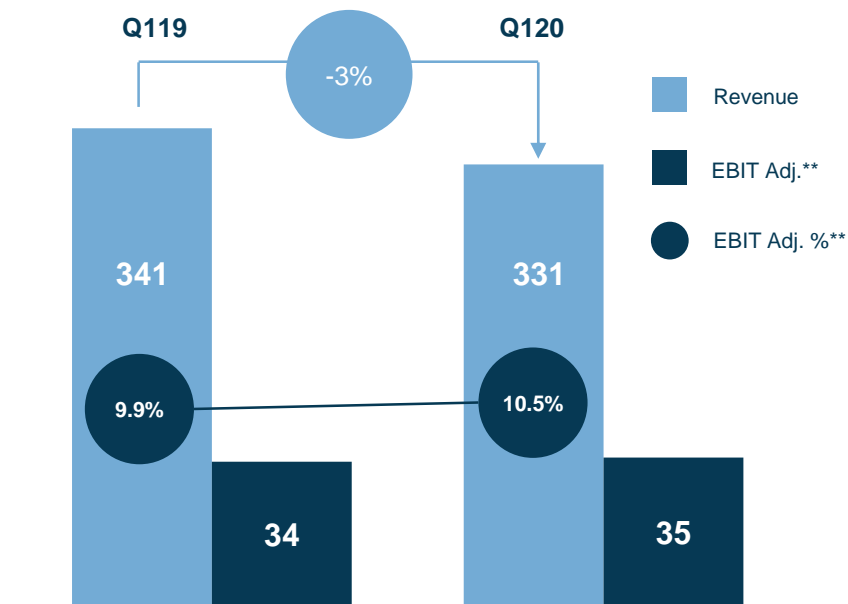
EVRY

Business highlights

- 3% organic* growth and solid margin
- 8% organic* growth in Norway, driven by digital consulting
- Adjusted EBIT 10.5% (9.9%) – improvement both in Norway and Sweden

EVRY Subsegment details

Q1 2020	Revenue	Organic growth*	EBIT ADJ.**	EBIT ADJ. %**
Norway	154	8%	18	11.6%
Sweden	78	-4%	4	5.0%
Financial Services	87	1%	7	8.1%



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CFO report



CFO highlights

- Solid financial performance – 1st quarter as a combined company
- Covid-19 impact actively being mitigated
- Merger integration progressing as planned, synergy execution ahead of schedule
- Significant FX headwind from NOK and SEK
- New segments from Q2 2020 according to the new operating model
- CMD aimed to be arranged in Q4

Parallel programs to address short-term impact of Covid-19 and to deliver on merger efficiencies

Temporary cost reductions due to Covid-19

Execution: 2020-TBD

- Dynamic scope reflecting market development
- Short-term perspective
- Cost categories that allow immediate cost savings

Merger efficiency program

Execution: 2020-2022

- Broad scope covering the entire company
- Long-term perspective
- Addressing both synergies and other cost efficiencies

Covid-19 impact continuously being evaluated through multiple scenarios

Financing and liquidity

- EUR 250 million RCF available for short-term liquidity
- Long-term debt obligations mainly mature in 2024
- Bridge loan EUR 300 million maturing in Sept 2020 - 6 months extension option available

Accounts receivable

- No material impact on collection per Q1 2020
- High relative exposure towards the public and financial services sector, as well as large corporates, where the resilience is high

Goodwill and intangibles

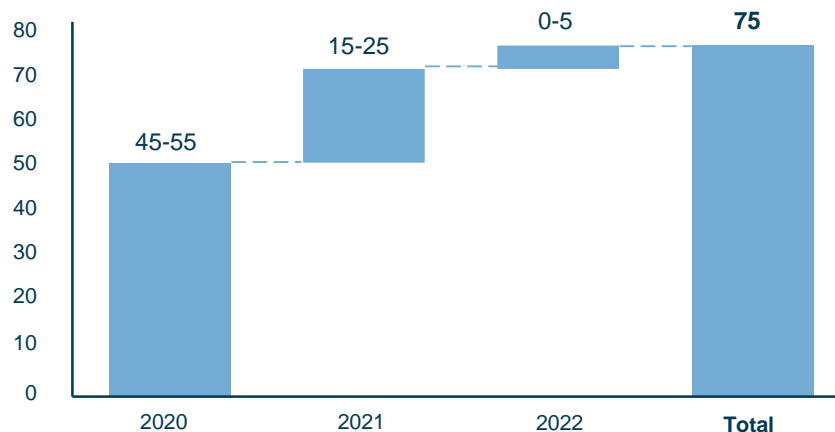
- Based on the current outlook, no impairment expected to goodwill or intangible assets, due to adequate headroom.

EUR 75 million of merger efficiencies confirmed – 2020 execution ahead of schedule

- Merger efficiency run rate increased to **EUR 45-55 million** (up from EUR 30-40 million) by end of 2020
- One-time integration costs for 2020 estimated to be EUR 50-60 million (up from EUR 40-50 million)
- Union consultations started concerning **potential restructuring of 570 roles**
- **Leadership appointments finalized**
- Roadmap for most important **premises consolidation finalized, expected to deliver EUR 5-6 million** run rate synergies by 2022


EUR 75 million merger efficiencies achieved within three years

Merger efficiency run-rate at end of year (MEUR)



EUR 120-140 million of one-time integration cost expected in 2020-2022

Estimated impact by 2022

Efficiency area	Examples of main efficiency levers	Estimated efficiency
Services and go-to-market	<ul style="list-style-type: none"> • Consolidate managerial, sales and administrative roles • Adopt proven global delivery model and common processes • Rationalize offering portfolio • Capture scale in combined investments 	EUR 30-40 million
Support functions	<ul style="list-style-type: none"> • Consolidate managerial and administrative roles • Harmonize applications and processes • Optimize use of shared service centers • Capture scale in combined investments 	EUR 20-30 million
External costs including facilities	<ul style="list-style-type: none"> • Improve commercial terms due to increased volumes • Consolidate supplier base and phase out duplicate products and services • Consolidate facilities in common locations 	EUR 20-30 million
		
Infrastructure partnerships	<ul style="list-style-type: none"> • Consolidation of infrastructure platforms and partnerships 	Further potential in addition to EUR 75 million
Revenue synergies	<ul style="list-style-type: none"> • Combined growth opportunity especially in Digital Consulting, Cloud & Infra and Financial Services Solutions 	

Merger and integration update

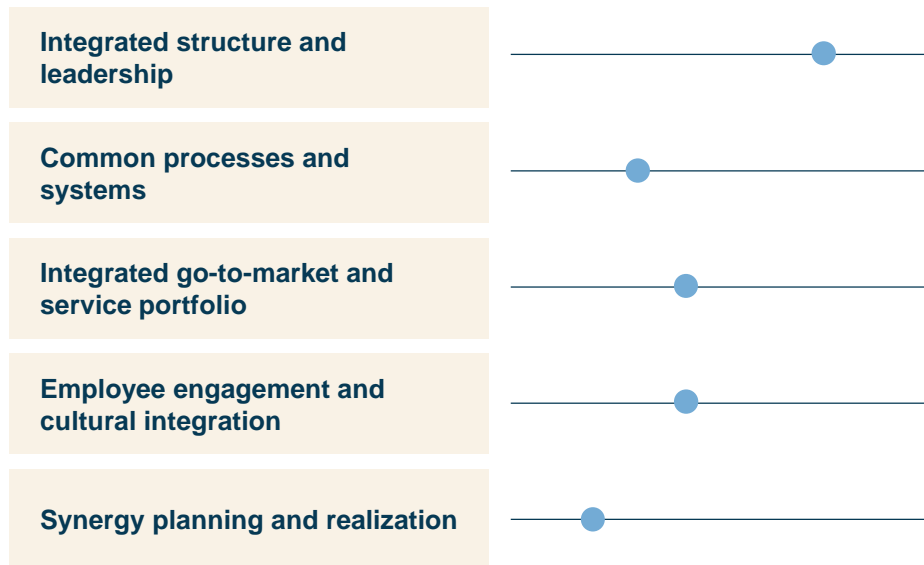


Integration well on schedule

- Several important integration milestones completed
- New organization and operating model in place
- Leadership appointments across all businesses and functions
- Active common collaboration tools/platform
- Actions taken to drive competitiveness through merger efficiencies

Integration progressing as planned

Integration focus area



Current status

- Organization established
- Leadership nominated at all levels

- Interoperating collaboration tools in place
- Active development of reporting and forecasting

- Common customer teams active in the market
- Unified services and delivery teams

- Employee onboarding at all levels
- Active engagement through leadership continues

- Planning ongoing per business and function
- Competitive cost structure actions initiated

Continuous focus on customer engagement, delivery quality and efficiency continues during integration

Guidance and performance drivers



Guidance 2020 withdrawn

Full-year guidance
withdrawn on 27 March

Given the uncertainties
in the market outlook, it
is not possible to
estimate the potential
impact of Covid-19 on
profitability

Further guidance issued
as soon as visibility to
the market outlook has
improved and significant
uncertainties are cleared

Key performance drivers

2020

Covid-19

Current market indicators imply a **2-5% negative full-year revenue impact**

Covid-19 impact are **actively being mitigated**

Merger-specific

Run-rate of EUR 45-55 million in cost synergies expected at year end

One-time integration costs expected to be in the range of **EUR 50-60 million**

FX impact

Depreciation of **SEK and NOK** **impacting financial results**

FX impact* on revenue around **EUR 50 million in Q2** and **over EUR 150 million in the full year**

Long term ambition to grow above market

* Based on March-average exchange rates

tieto *EVRY*