

CEO Report 2022

Accelerating value

Annual General Meeting

Kimmo Alkio
President and CEO



Purposeful technology



Sustainable societies

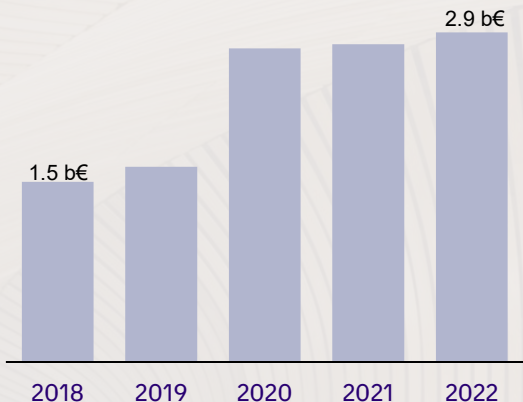


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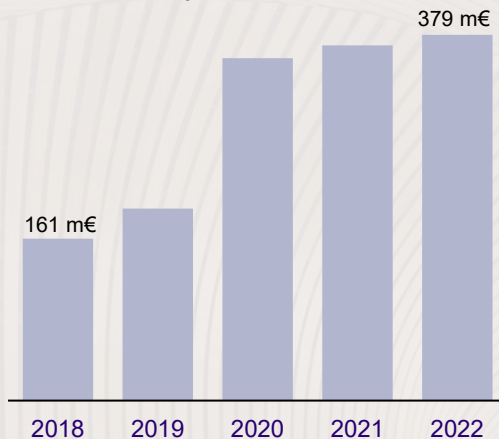
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Delivering solid financial returns over the years

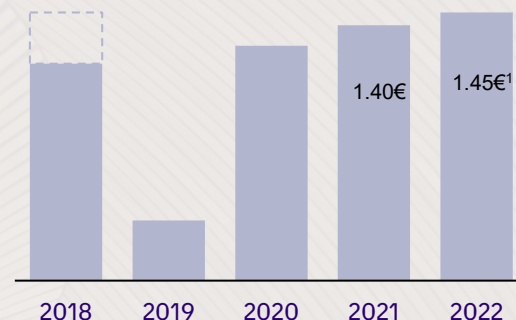
Revenue



Adjusted EBITA



Dividend per share



Consistent performance improvement and attractive dividend profile

Solid progress in enabling sustainable societies

70% reductions in scope 1 and 2 GHG emissions compared to year 2020

95% green electricity used in data centers and offices globally

31% female employees, up by 2% from 2021; new female recruits up by 5%

ESG targets part of management long-term incentive plans



Commitment to Science Based Targets – limiting the global warming below 1.5 degrees



The best A-class results retained on Carbon Disclosure Project (CDP)



The best platinum level ranking retained on global Ecovadis Sustainability ranking

Specialization as a core value driver in the market



Customer priorities



Efficiency



Agility



Competitiveness

Technology services and software market growth profiles



Traditional

Declining <-10%



Transform to Cloud

Growth 5–10%



Cloud-native

Growth >10%



Areas of specialization

Digital engineering

Software and platforms

Managed services and transformation

Tietoevry capturing market opportunity through specialization

Specialization

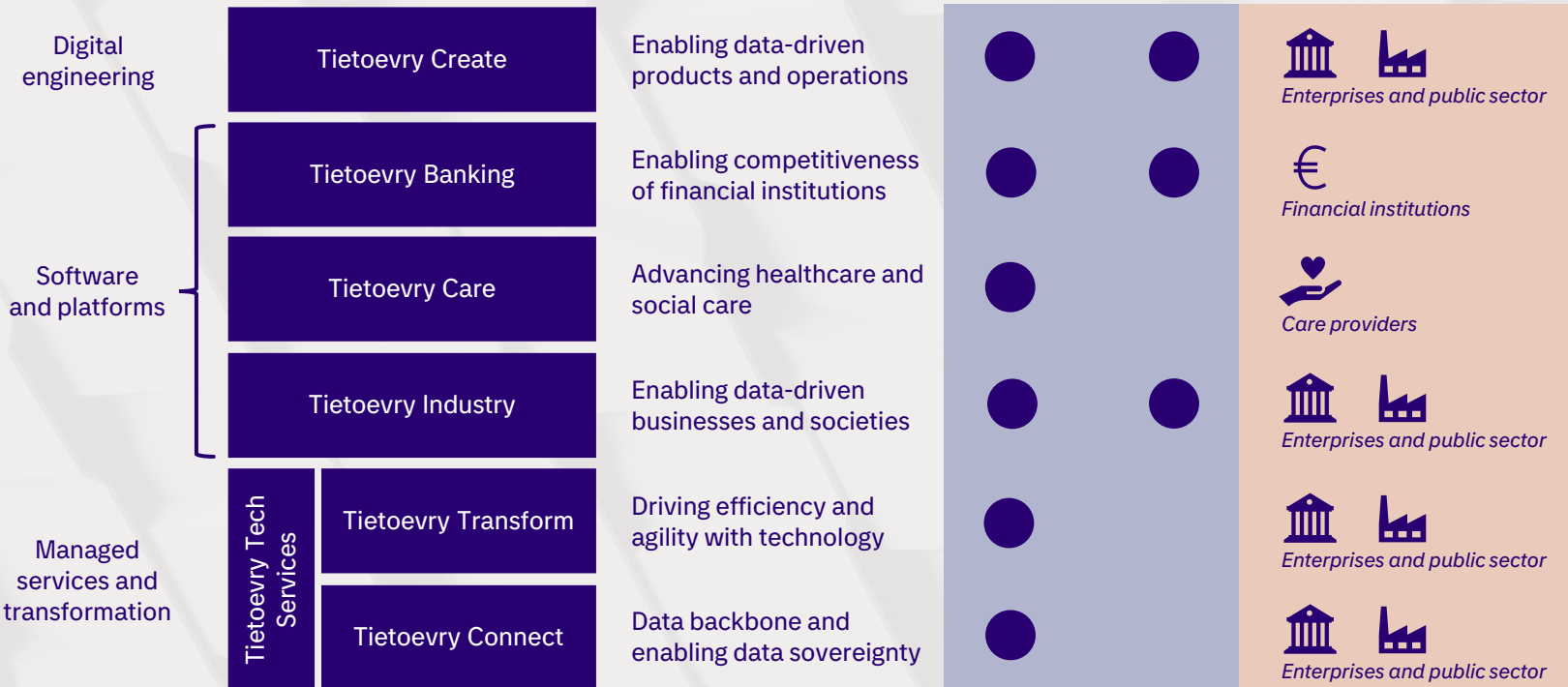
Focus

Markets

Customers

Nordics

Global



2022: New strategy driving value and competitiveness



Solid strategy execution with six specialized businesses for value creation

Growth agenda materializing – five consecutive quarters of accelerating growth

Active drive for efficiency off-setting era of high inflation

Record-high employee engagement and high talent attraction with 4 800 new recruits

Supporting our colleagues through the crisis in Ukraine



Support to our colleagues' safety and wellbeing in Ukraine continues

Solid practices to mitigate risk and ensure business continuity

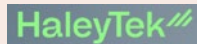
Tietoenvry's exit from Russia operations concluded (April 2022)

Winning in the market through specialization



Digital engineering

expanding global customer base



Maa- ja metsätalousministeriö
Jord- och skogsbruksministeriet
Ministry of Agriculture and Forestry



Software and platforms

(Banking, Care, Industry)
expanding SaaS and data solutions

RenoDeMedici



Managed services and transformation

large deal wins



Solid financial performance continued in 2022



Revenue
€2 928m
(€2 823m)

Organic growth¹
6%
(0%)

Adj. EBITA²
€379m, 13.0%
(€368m, 13.0%)

Operating cash flow
€277m
(€368m)

Order backlog
€3 327m
(€3 513m)
+6% for FY23¹

Net debt / EBITDA
1.5x
(1.1x)



Growth acceleration
and strong financial
position – a solid
foundation into 2023

Dividend of €1.45 per share proposed – representing a dividend yield of 5.8%³

1) Adjusted for currency effects, acquisitions and divestments

2) Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability

3) Calculated using volume-weighted share price 03.01.2022 – 30.12.2022 (€24.8)

Specialization enabling growth and performance

		2022 Performance		
		Growth ¹⁾	Adjusted EBITA ²⁾	
Digital engineering	Tietoevry Create	14%	13.7%	<ul style="list-style-type: none"> Actively capturing international digital engineering opportunity
Software and platforms	Tietoevry Banking	10%	13.8%	
	Tietoevry Care	6%	31.3%	
Managed services and transformation	Tietoevry Industry	3%	16.9%	<ul style="list-style-type: none"> Strong performance in software businesses <ul style="list-style-type: none"> Banking advancing in Fintech market and efficiency Competitive Nordic Care software driving growth and performance
	Tietoevry Transform	2%	7.8%	
		Tietoevry Connect	-1%	7.1%

¹⁾ Organic growth

²⁾ Adjustment items include restructuring costs, capital gains/losses, impairment charges and other items affecting comparability

Financial guidance and ambitions



	2022 Reported	2023 Guidance	2025 Ambition
Growth *	6%	5-7%	8-10%
Operating margin ** (adj. EBITA)	13.0%	13.0-13.5%	15-16%

Attractive shareholder returns with ambition to increase dividends annually.

Each business aims to be among the best in the market - delivering competitive financial returns

Business

Long-term potential

Financial ambition 2025

Banking



A leading European Banking and Payments fintech

Create



A leading digital engineering player globally

Care



A leading health-tech software provider in Europe

Industry



High performing European software portfolio

Growth
12–14%
Adjusted EBITA
17–19%

Tech
Services



Leading Nordic/European enterprise transformation and managed services

Growth
1–3%
Adjusted EBITA
9–11%

Strategic reviews to unlock value – progressing as planned

Banking

Realize the value of Tietoevry Banking as a potentially independent listed company

- Announced July'22
- Legal carve-out progressing as planned
- CEO appointed effective 1 February

Transform and Connect

Tietoevry Tech Services from 1 April

Combine Tietoevry Transform and Tietoevry Connect and drive better scale through potential sale or listing as a spin-off

- Announced November'22
- Integration progressing as planned and Managing Director appointed effective 1 April
- Reporting in Q2 as a new segment



Accelerate value creation

Overall process expected to take 12-18 months from respective announcement.

Exciting way forward



Global market growth driven by investments into cloud, software and data

Strategy execution through specialized businesses – geared to win market share and drive scale

Identity re-shape towards digital engineering and software businesses – acceleration of shareholder value

Go to place for tech professionals – build on strong engagement foundation

Developers of digital futures



HUMANITY

DIVERSE

BUSINESS

SUSTAINABLE

CIRCULAR

SOCIETIES

ETHICAL

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