Q2 2018

Strong growth – profit at the previous year's level

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Q2 2018 in brief

Strong growth – profit at the previous year's level

- Growth in local currencies 8%, organically 5%
- Profitability development good in Technology Services and Modernization, Business Consulting and Product Development Services
- Higher investments in technology renewals in Industry Solutions impact second-quarter profit
- Currency impact remains negative

The Nordic IT market continues to provide with growth opportunities

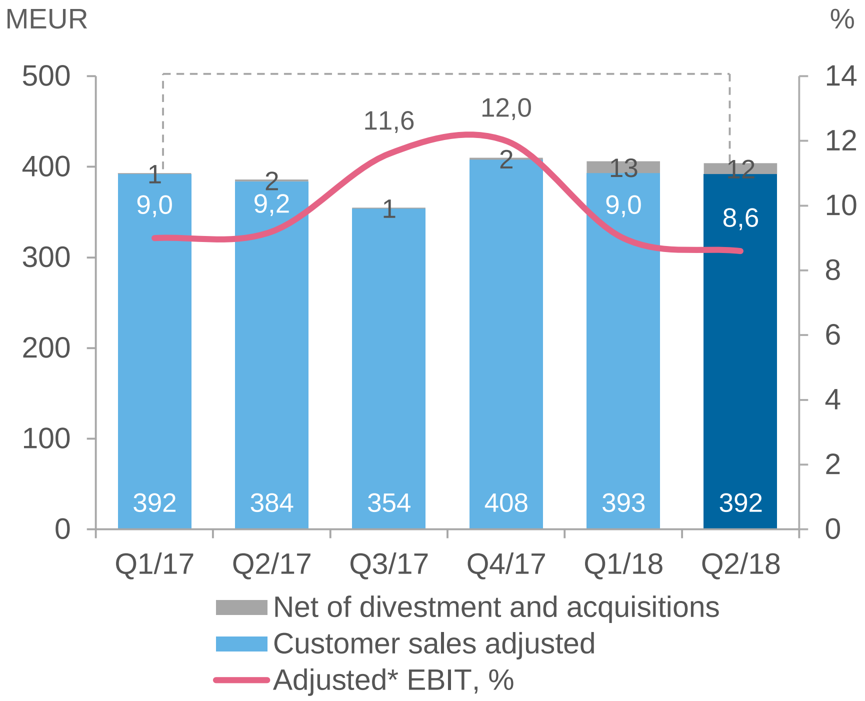
- Solid economic outlook continues to support IT market
- Good demand for software-based solutions, consulting and IT outsourcing
- Current currency trend unfavorable for Tieto
- Tieto expects the Nordic IT services market to grow by ~2% in 2018

Q2 2018 key figures

Net sales up by 4.8%
- EUR 404.1 (385.6) million
- Growth in local currencies 8%
- Organic growth in local currencies 5%

EBIT margin 7.7% (7.3%)
- EBIT EUR 31.3 (28.1) million
- Adjusted* EBIT EUR 34.8 (35.5) million, 8.6% (9.2%)

Order backlog EUR 1 731 (1 817) 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

Steady progress towards strategic ambition

Significant technology renewal in many industry solutions

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Customers' 1st choice for business renewal

- IT services revenue growth above the market (CAGR)
- 10% reported operating profit (EBIT)
- Aim to increase dividends annually in absolute terms
- Net debt/EBITDA 1.5 as an upper limit in the long run

Q2 dynamics

Attractive market with high demand for digital consulting capabilities and software driven solutions

Strong growth in consulting based businesses BCI, application services and PDS

Solid continuous services performance and **cloud growth**

Industry solutions' renewal continues in line with strategic ambition – short-term profit impact

- We believe in investing in Industry Solutions software businesses – strategic choice and strong vertical insights
- Architectural renewal programmes in Lifecare, SmartUtilities, Production Excellence and Payments solution
- Increased workload, mainly in Lifecare and SmartUtilities, impacted Industry Solutions' growth and profitability during H1/2018
- Key launches expected to contribute to improved performance towards the year end

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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 YTD 2018
40%	Growth businesses**	8%
18%	Other services and solutions***	24%
42%	Traditional services	-1%

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

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Investments supporting continuous renewal and growth

Up by 8% in local currencies in H1/2018

Customer Experience Management +11%

Data-Driven Businesses +110%

Cloud services +21%

Security services -6%

Selected industry solutions +4%

Lifecare

Payments

Credit solutions

Case management

Production excellence

SmartUtilities

Hydrocarbon management

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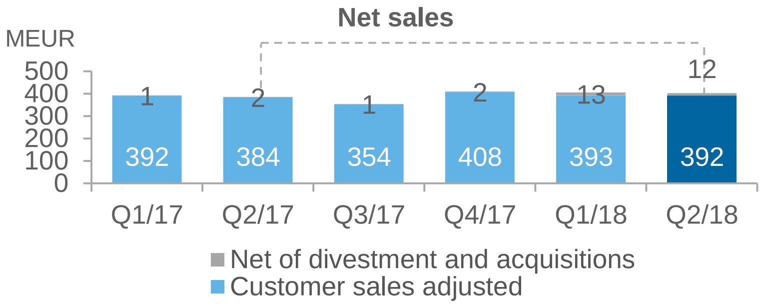
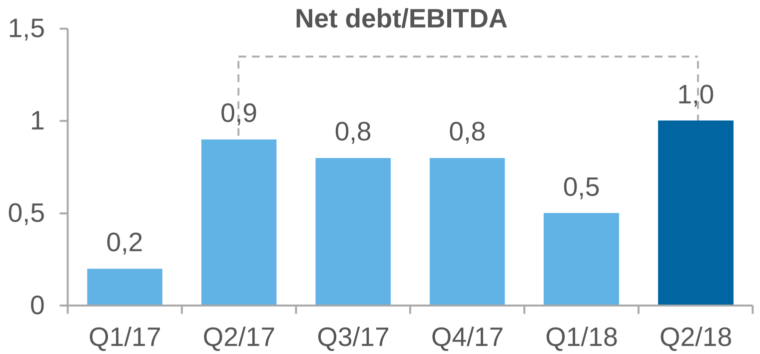
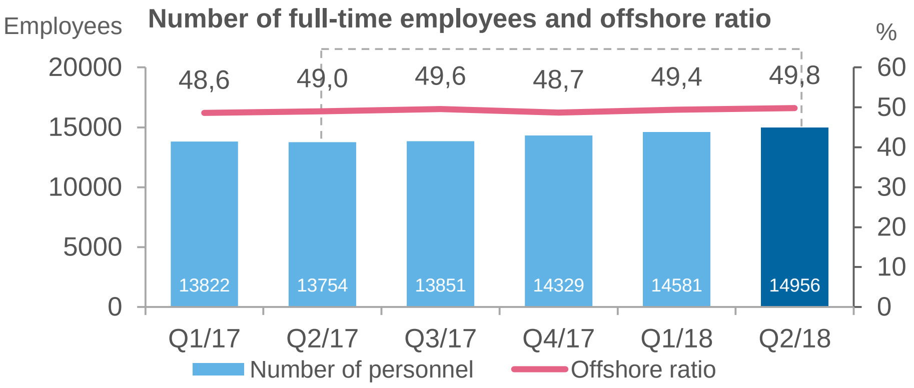
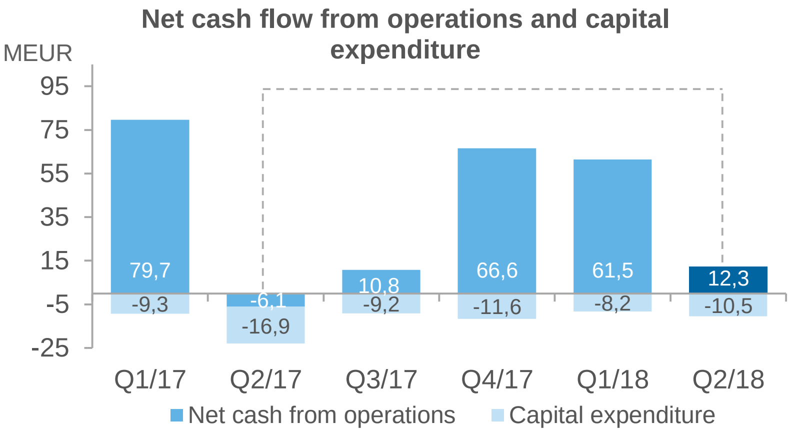
Quarterly development





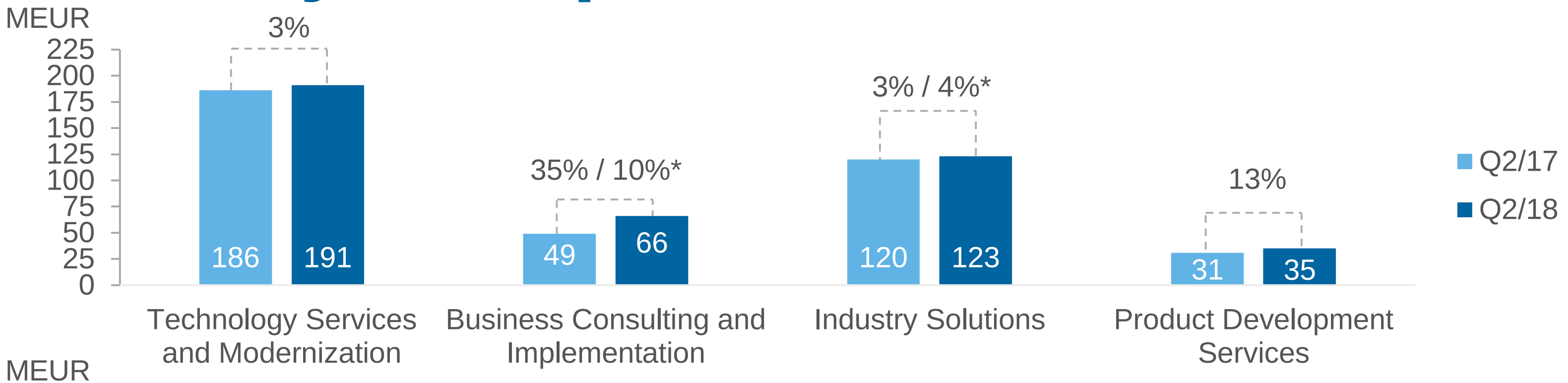


Number of personnel up by a net amount of 1202
Offshore ratio: IT services 47.3% (46.9%) PDS 71.5% (67.2%)

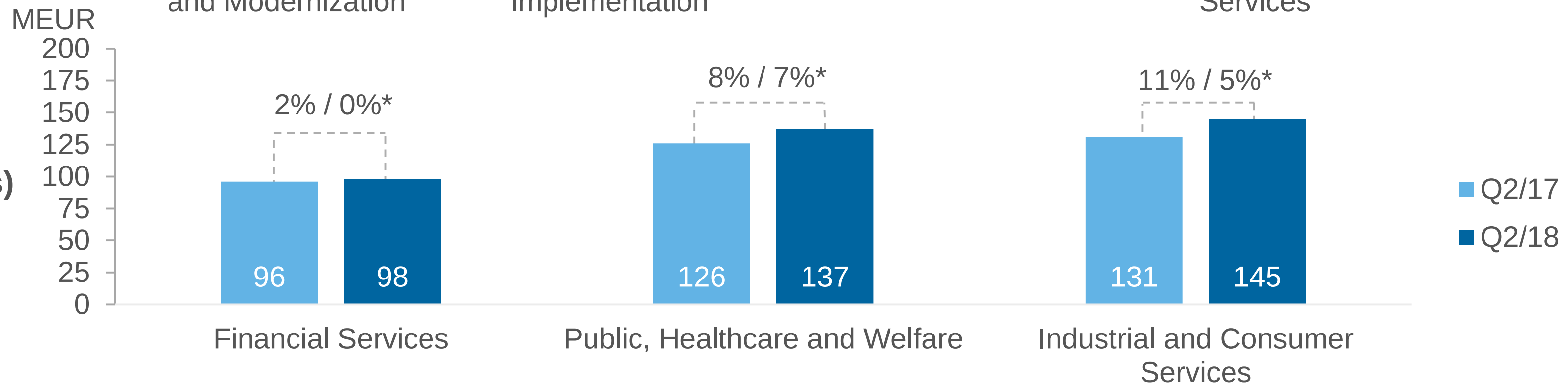


Growth in local currencies by Service Line and Industry Group

Service Lines



Industry Groups (IT services)



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

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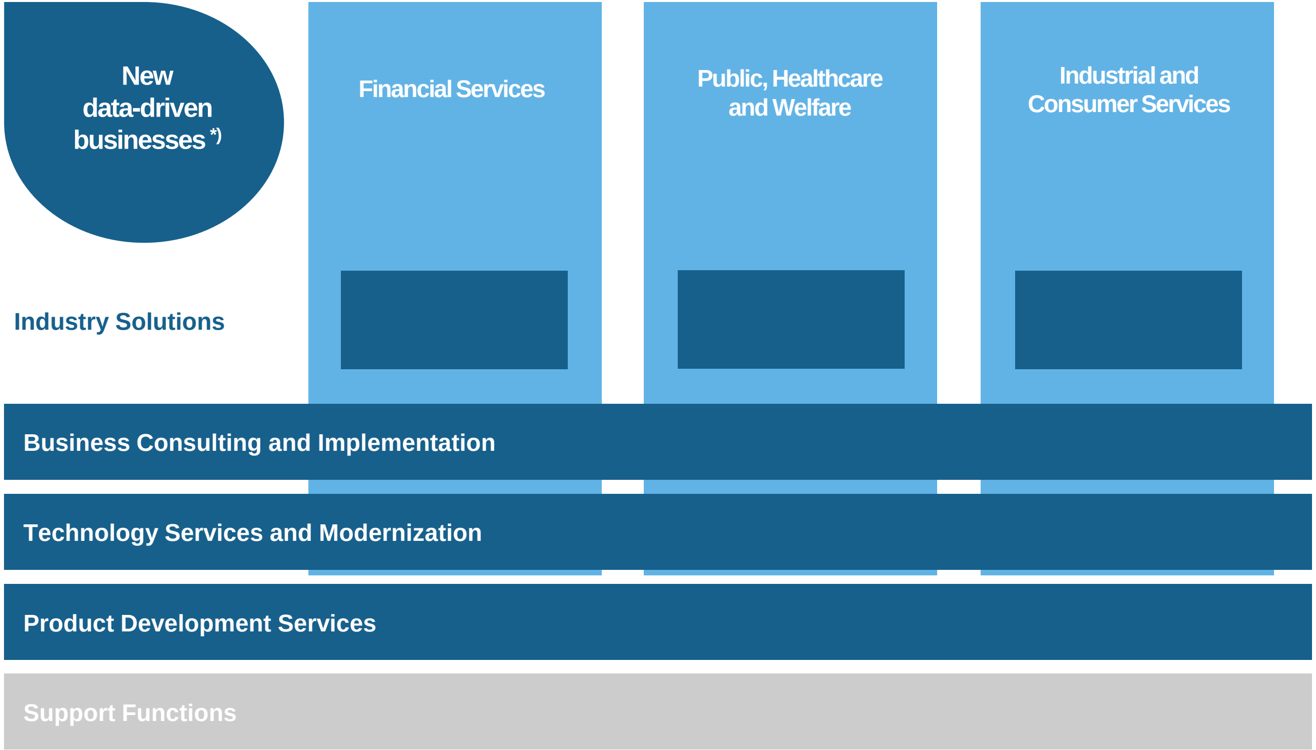
Service Lines



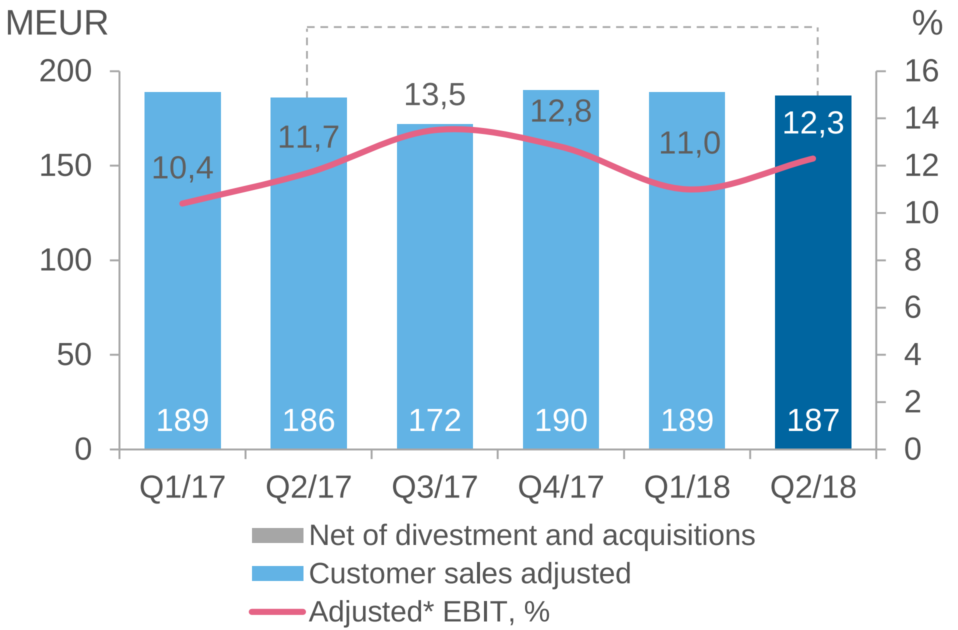
  *) Reported in Industry Solutions

Technology Services and Modernization

Customer sales in Q2
- EUR 187 (186) million, +1%, or +3% in local currencies

EBIT
- Adjusted* EBIT EUR 22.9 (21.6) million, 12.3% (11.7)

Q2 highlights
- Growth (in local currencies) driven by infrastructure cloud and application services – in H1 up by 21% and 8%, respectively
- Decline in traditional infrastructure services continued, down by 5% in H1/2018
- Continued service standardization contributed to EBIT improvement
- Less impact from efficiency programme in Q3 – profitability anticipated to be below or at the Q3/2017 level



2017 comparison figures are based on business transfers completed during Q2 2018

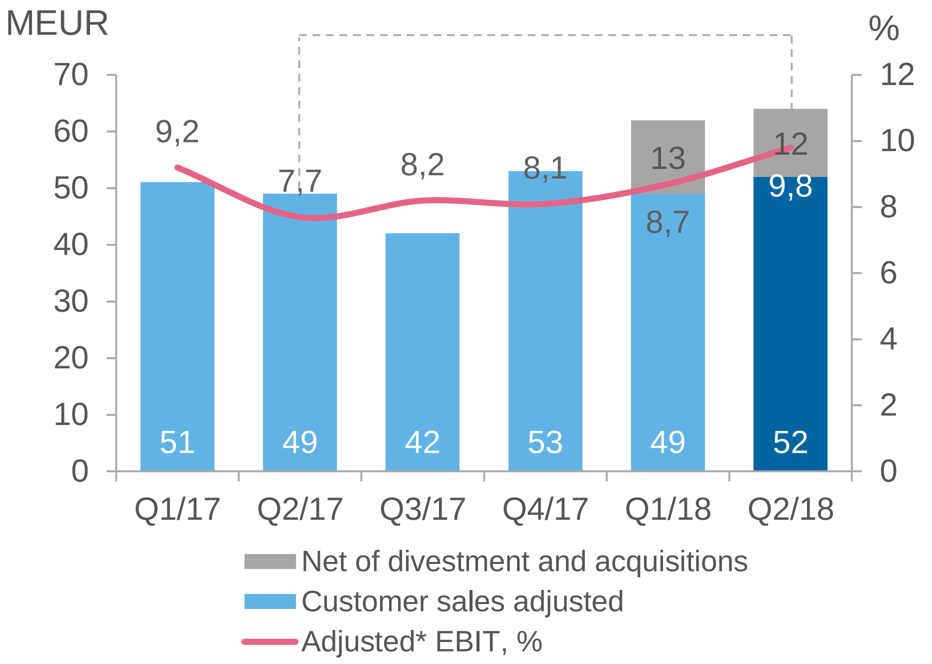
*) adjusted for restructuring costs, capital gains/losses, goodwill impairment charges and other items

Business Consulting and Implementation

Customer sales Q2
- EUR 64 (49) million, +31%, or +35% in local currencies
- Organic growth in local currencies +10%

EBIT
- Adjusted* EBIT EUR 6.3 (3.8) million, 9.8% (7.7)

Q2 highlights
- Organic growth driven by CEM and EA – total growth supported by the acquisition of Avega
- Profitability improvement driven by good volume development
- Q3 margin seasonally lower – expected to be around Q3/2017 level



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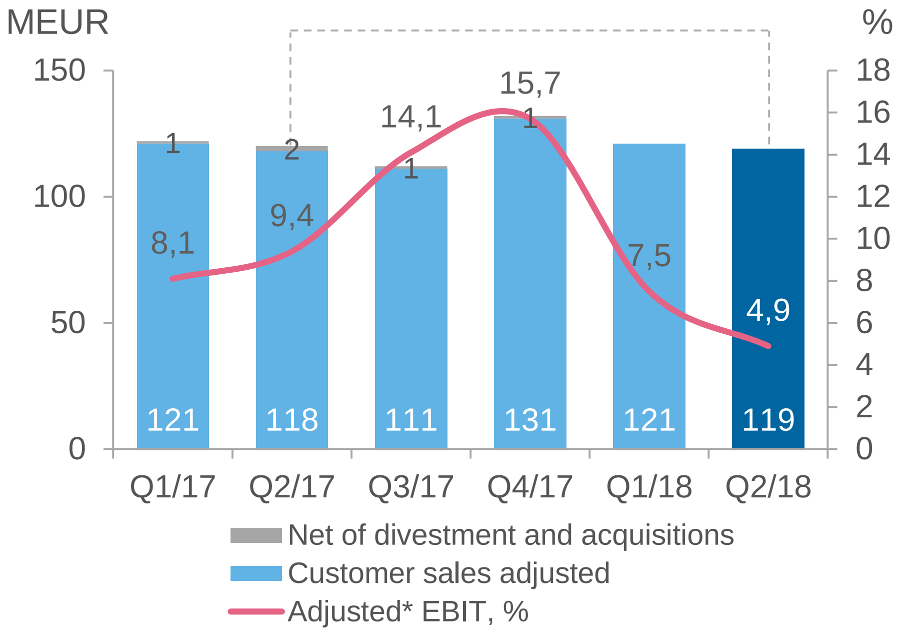
Industry Solutions

Customer sales Q2
- EUR 119 (120) million, at Q2/2017 level, or +3% in local currencies
- Organic growth in local currencies 4%

EBIT
- Adjusted* EBIT EUR 5.9 (11.2) million, 4.9% (9.4)

Q2 highlights
- Good growth in SmartUtilities, Hydrocarbon Management and Case Management – Lifecare growth in line with the market
- Sales of Payments at the Q2/2017 level – expansion of customer base, including a major win with a large Nordic bank for the recently launched renewed VAM
- EBIT affected by continued technology renewal
  - Offering development costs up by 3 mEUR
  - Subcontracting costs up by 1 mEUR
- Negative currency impact on profit EUR 1 mEUR
- Q3 profitability expected to improve from the first-half level but remain below or at the Q3/2017 level



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Product Development Services

Customer sales Q2

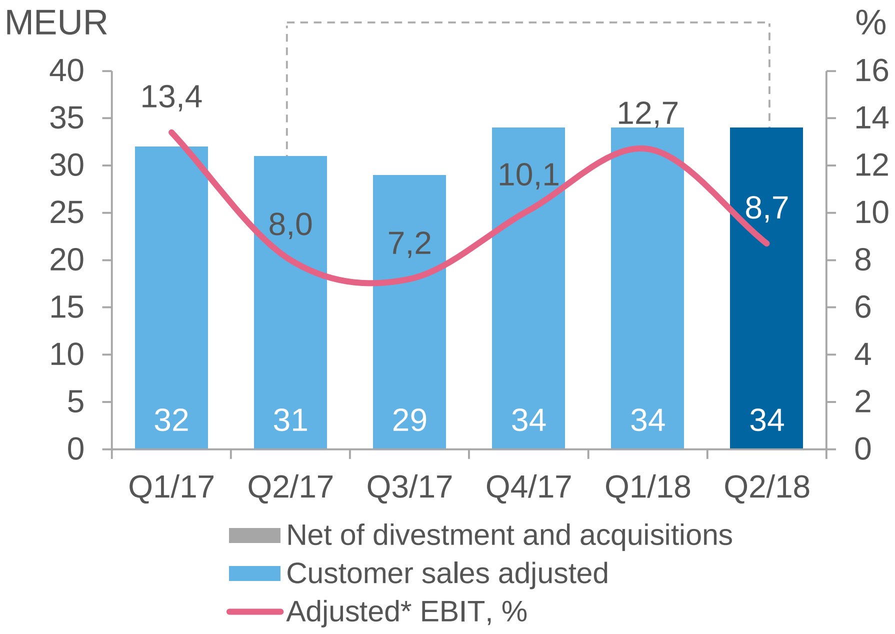
- EUR 34 (31) million, +8%, or +13% in local currencies

EBIT

- Adjusted* EBIT EUR 2.9 (2.5) million, 8.7% (8.0)

Q2 highlights

- Strong volume development with the largest key customers and good development in automotive
- EBIT margin somewhat improved while included non-recurring income
- Q3 seasonally lower and profitability anticipated to be at the Q3/2017 level



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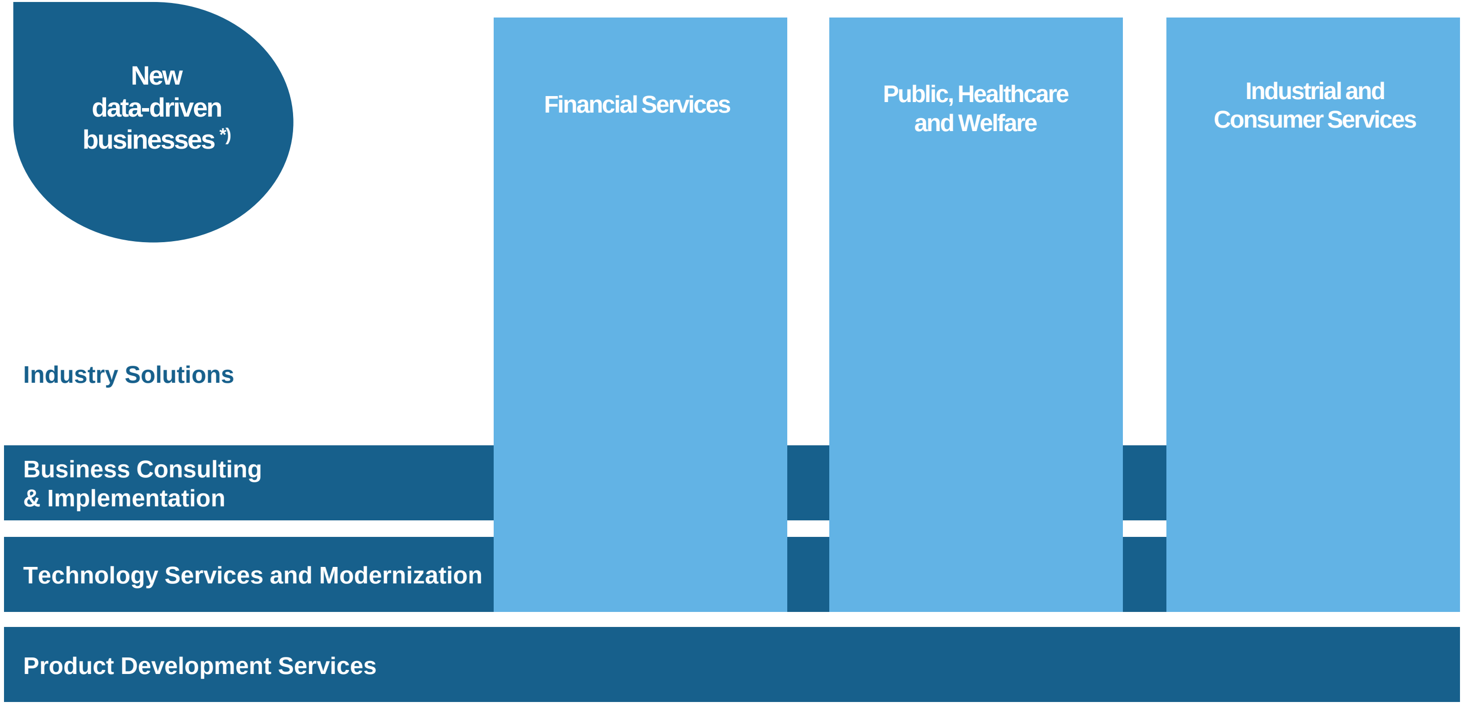
Industry Groups



*) Reported in Industry Solutions

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Financial Services

Customer sales Q2

› EUR 95 (96) million, -1%, or +2% in local currencies

Sales split by service line

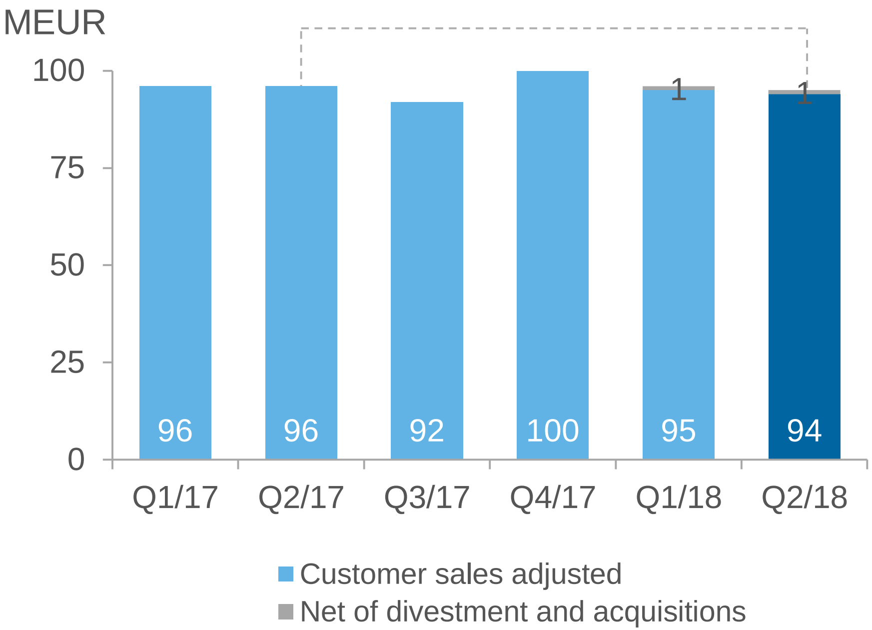
	Q2/2018	Q2/2017
TSM	56%	57%
BCI	11%	10%
IS	33%	33%

Q2 highlights

› In Payments, continued expansion of customer base, including a major win with a large Nordic bank for the recently launched renewed VAM

› Strong interest in Tieto's instant payments solutions

› Good activity level in the Swedish outsourcing market



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Public, Healthcare and Welfare

Customer sales Q2

› EUR 133 (126) million, +5%, or +8% in local currencies

Sales split by service line

	Q2/2018	Q2/2017
TSM	44%	45%
BCI	13%	11%
IS	43%	44%

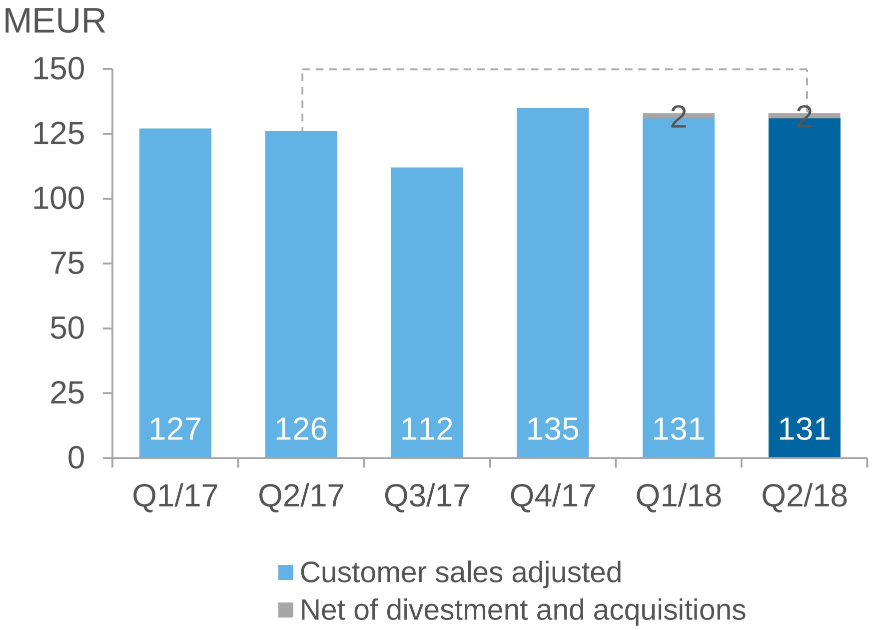
Q2 highlights

› Development strongest in TSM, driven by cloud and application services

› Development was healthy across several markets, especially in Sweden

› Large Electronic Medical Record procurements ongoing in all Nordic countries while some delays in customers' renewal projects

› New agreements include Region Skåne and the Finnish Border Guard



Industrial and Consumer Services

Customer sales Q2

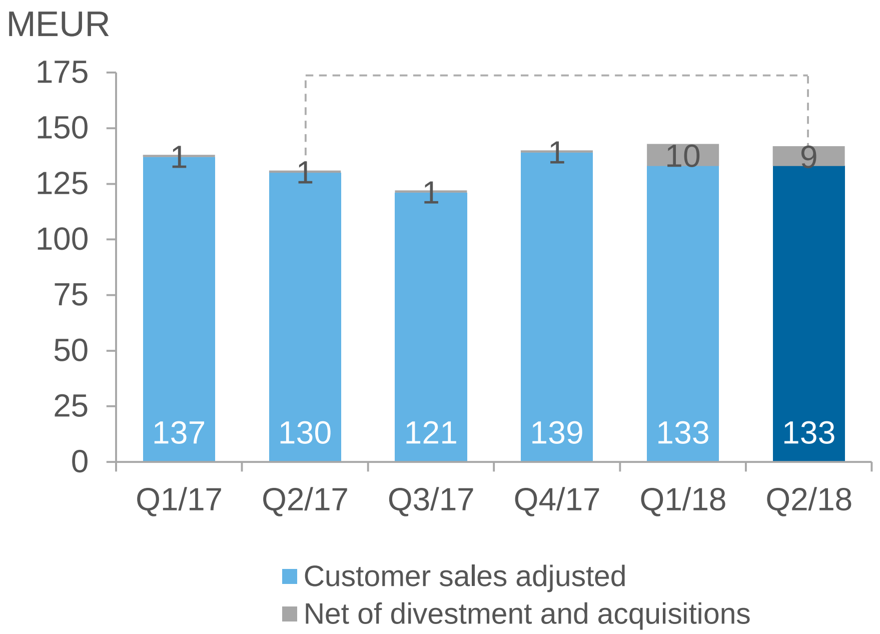
- EUR 142 (131) million, +8%, or +11% in local currencies
- Organic growth in local currencies 5%

Sales split by service line

	Q2/2018	Q2/2017
TSM	52%	56%
BCI	26%	20%
IS	22%	24%

Q2 highlights

- Several new agreements concluded in H1/2018
- Growth supported by the acquisition of Avega
- Healthy growth in IS, especially in SmartUtilities and Hydrocarbon Management
- New agreements include Palm Paper Group and Singapore LNG Corporation



Way forward

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Performance drivers in 2018

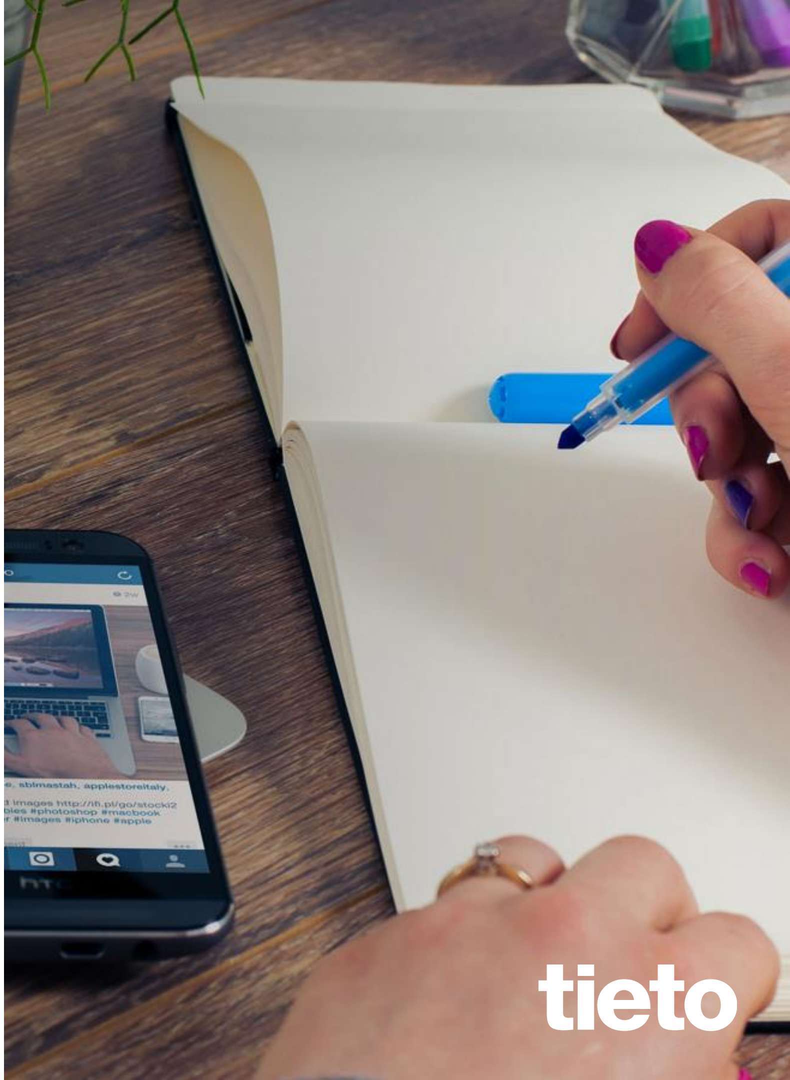
- **Growth above the market**
- Based on current rates, **currency** impact on sales ~EUR 43 million and on profit ~EUR 8 million
- Favorable **offshoring** development
- New **productivity programmes and savings measures** initiated
  - to address currency impact and salary inflation
  - efficiency programme 2017 concluded
- Restructuring costs **at the lower end of the range** – previously, costs expected to be 1–2% of Group sales
- Offering development costs around 5% of Group sales

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

**) Restated due to the adoption of IFRS 15



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