

Q2 2014



Interim Report 2/2014 January–June

Positive development in IT services continues

- IT services organic growth in local currencies close to 3%
- Profitability continued to improve despite costs related to exceptional project termination
- Customer insourcing results in lower volumes in Product Development Services



Key figures

- Net sales in local currencies were organically down by 1.3%
- In IT services, organic growth in local currencies was 2.6%
- Second-quarter operating profit excl. one-off items amounted to EUR 30.0 (30.6) million, margin increased to 7.8% (7.3)

Key figures

	4-6/2014	4-6/2013 ²⁾	1-6/2014	1-6/2013 ²⁾
Net sales, EUR million	386.4	416.7	773.4	840.6
Change, %	-7.3	n/a	-8.0	n/a
Organic change in local currencies, %	-1.3	n/a	-1.3	n/a
Operating profit (EBITA), EUR million	21.7	15.6	56.1	45.9
Operating margin (EBITA), %	5.6	3.7	7.3	5.5
Operating profit (EBIT), EUR million	21.5	14.8	55.5	44.1
Operating margin (EBIT), %	5.6	3.5	7.2	5.2
Operating profit (EBIT) excl. one-off items ¹⁾ , EUR million	30.0	30.6	64.5	61.7
Operating margin (EBIT) excl. one-off items ¹⁾ , %	7.8	7.3	8.3	7.3
Profit after taxes, EUR million	16.5	7.4	41.1	28.8
EPS, EUR	0.23	0.10	0.56	0.40
Net cash flow from operations, EUR million	16.6	10.7	66.6	60.7
Return on equity, 12-month rolling, %	15.3	6.6	15.3	6.6
Return on capital employed, 12-month rolling, % ³⁾	14.8	10.3	14.8	10.3
Investments, EUR million	7.1	15.3	20.5	32.6
Interest-bearing net debt, EUR million	30.3	81.1	30.3	81.1
Net debt/EBITDA	0.2	0.4	0.2	0.4
Book-to-bill	1.0	1.4	1.1	1.1
Order backlog	1 550	1 469	1 550	1 469
Personnel on 30 June	14 126	14 933	14 126	14 933

1) Excl. capital gains, impairments and restructuring costs

2) Figures restated according to IFRS 11 'Joint arrangements'

3) The figure for 2013 has been restated. The new calculation formula is on page 15.

Full-year outlook for 2014 unchanged

Tieto expects its full-year operating profit (EBIT) excluding one-off items to increase from the previous year's level (EUR 141.2 million in 2013).

CEO's comment

Comment regarding the interim report by Kimmo Alkio, President and CEO:

“Our second quarter demonstrated continued good performance in our IT services business as a result of longer-term improvement in businesses across the company. The market remains attractive, providing a combination of opportunities for new growth investments and for modernization of old IT systems. Our position as the leader in Nordic Enterprise Cloud services has further strengthened in the second quarter, as proven by our accelerated growth in this business. I'm also glad to see continued improvement in customer confidence towards Tieto – demonstrated by multiple wins for new contracts across the financial services, public and manufacturing sectors.

We continue to take actions in our Product Development Services business where volumes are negatively impacted by customer insourcing and the market environment is changing. We will drive renewal of competencies and swiftly manage capacity to improve the business' competitiveness and profitability.

Tieto has experienced an extended period of strategy and culture renewal and I want to express my gratitude to our employees for achieving the improved level of competitiveness and performance. I expect the speed of change in the market to remain high and continue to provide attractive new opportunities for Tieto.”

Market development

In the second quarter, there were no major changes in the Nordic IT services market. Tieto expects the Nordic market to grow by around 2% in 2014. Clients continue to look for ways to apply new technologies to achieve additional cost savings and for ways to become more competitive in their businesses. New technology provides good opportunities for the renewal of old legacy systems and transformation into new solutions combining traditional IT with scalable and flexible IT environments. These environments help customers lower the total cost of ownership and enable the efficient utilization of mobility and big data and thereby help clients seek new approaches to customer interaction. Application outsourcing is slightly growing, but price competition is strong in this area. In addition to traditional application outsourcing, there are good opportunities to modernize applications across all industries.

In the longer term, emerging trends like mobility, cloud, big data and social features enable the emergence of new services providing a high-level digital experience and efficiency of back-end processes. Tieto sees customer experience management, industrial internet and cloud services, among others, as future sources of high growth.

- **Customer experience management:** the increasing use of smartphones and tablets, effective use of social media and higher end-user expectations for mobile and internet-based services are challenging the traditional differentiation of enterprises. Enterprises such as traditional retailers and banks must look for competitive advantage from customer interaction and experience to compete with quickly growing eCommerce. Today, investments are mainly focused on ensuring customer loyalty and new revenue streams through user-friendly services providing a seamless customer experience across multiple channels. Technology disruption will open up new opportunities for vendors in the IT industry to provide innovative services with, for example, mobility and big data elements embedded. Big data can be utilized, e.g. to analyze information on customer behaviour.
- **Industrial internet** is expected to be one of the key growth drivers in the mid and long term. Opportunities are seen especially in the manufacturing sector and demand is also increasing in other sectors. Multiple opportunities exist to increase efficiency as well as to create entirely new businesses and improve the service experience for end customers. The manufacturing sector is becoming more and more data-intensive and knowledge-based. Big data can be used to analyze data that is collected with machine-to-machine connections from equipment and assets, and to provide real-time analysis and predictive recommendations for action. Real-time view of assets and data gathering, the capacity to handle extensive amounts of data and agile collaboration environments enable the growth of industrial services.
- **Cloud services:** technology disruption combined with changes in end-user behaviour is increasing the demand for new types of services. Traditional IT is becoming a legacy element due to the current focus on simplification, cost reduction and greater automation making services less labour-intensive and more cost-efficient. Customers are increasingly transferring their operations into scalable and flexible cloud environments. Scalability related to the 1-to-many service model enabled by the cloud and better server capacity utilization support good profitability for cloud services. Additionally, the higher level of automation increases operational efficiency.

Industry sector drivers

Additionally, industry-specific drivers affect the IT service market:

- In the **finance** sector, cost cutting, modernization and regulatory changes are the key drivers in the Nordic market. Front-end services and customer experience management remain focus areas for both the banking and insurance sectors across all markets. In the small and medium-sized business segment, the activity level has increased and the market is dominated by the “as a service” model and there is growing interest in “business process as a service” models.
- In the **public** sector, the activity level in Finland is starting to stabilize as cost cutting increases the pressure to deploy shared IT services and utilize existing frame agreements. However, the reorganization of the central government ICT Services Centre has delayed some development activities in Finland. In Sweden, the outsourcing trend is strong and there is healthy demand for cloud services.
- In the **healthcare and welfare** sector in Finland, the establishment of a new healthcare and welfare model is proceeding. The model opens up opportunities to move to fully integrated solutions and to grow services like Lifecare, an integrated healthcare and welfare application family. In Sweden, the activity level has remained good, partly due to increasing regulation and national programmes to enhance information sharing.
- In the **manufacturing and forest** sectors, the market is improving slightly, although customers are still cautious in starting large development investments. Cost savings and efficiency improvements in the demand supply chain are important drivers for initiating new IT projects. Interest in business intelligence and advanced analytics is on the rise.
- In the **retail & logistics** sector, changes in consumer behaviour continue to drive the needs for change and transformation. Consumers are becoming more informed, are always connected and require the personalization of both services and goods. Retailers and service providers are investing in more advanced commerce solutions in order to achieve better consumer understanding, customer engagement, loyalty as well as increased revenue.
- In the **energy** utilities sector, clients are awaiting regulatory changes related to the harmonization of the Nordic markets prior to making further IT investments. The market for advanced metering infrastructure in Norway is progressing well. In the **oil & gas** market, the activity level is decreasing as cost cutting is currently on the agenda for oil & gas companies as well.
- In the **media** sector, customers' agendas are based on digitalization and cost savings. Clients have tight budgets which is expected to result in new outsourcing opportunities in the mid-term.
- In the **telecom** sector, telecom operators remain under pressure and continue to implement cost reduction programmes. Additionally, in this sector IT service providers are experiencing aggressive competition. However, customers' initiatives to improve efficiency open up new transformation opportunities.
- Demand for new technologies to handle the traffic from the increasing number and variety of devices will continue to grow. In the market for **telecom product development**, the share of software development in overall product design is increasing. However, the insourcing trend has resulted in reduced external R&D spending and outsourced software development continues to hold a relatively small share.

Company strategy

Tieto provides a full range of IT services comprising integration and operations management services complemented with its own products. Due to its total service offering, strong offshore capability and continued improvements in cost structure, the company is well positioned in its target markets. In the long run, Tieto's ambition is to grow faster than the market in IT services, with growth mainly coming from services driving end-customer experience and cloud services as well as selected industry products.

The company has defined its future investments in key offerings, partly compensating for the decline of traditional IT services. The selected offerings are expected to contribute to growth and the long-term operating margin (EBIT) target of 10% towards 2016.

Investments in future high-growth offerings driving significant growth over the following few years from the current sales level of around EUR 200 million

- Customer Experience Management – providing Tieto's customers in the financial services and retail sectors with a competitive advantage by excelling in customer interaction and service
- Lifecare – the leading Nordic industry-specific solution for the healthcare and welfare sector

- Industrial Internet – supporting customers' business beyond pure equipment sales by extending to services, especially in the manufacturing sector.

Investments in other key services to enhance scalability of selected key offerings

- Selected offerings in Industry Products to further strengthen well-performing solutions in the areas of financial services, hydrocarbon accounting and supply chain management
- Modernization of services in application management and infrastructure management to drive simplification, speed and efficiency
- Cloud services, mainly in Managed Services, to further drive growth of existing services, e.g. Tieto Cloud Server and Tieto Productivity Cloud, and to launch new services.

In Consulting and System Integration (CSI), Business and IT Transformation and Customer Experience Management practices are segments with attractive growth potential. Additionally, Tieto is in the process of increasing industrialization in application management and infrastructure management. CSI has made good progress in customer experience management, in which consulting services are also well on track.

Investments in the healthcare and welfare sector are accelerating during 2014 through the Lifecare suite of applications. Several new launches have taken and will take place during the year, including applications in the areas of digital self-registration and the overview supporting mobility and national interoperability across the sector. In the second quarter, Tieto launched five new Lifecare applications.

In Industrial Internet, Tieto's growth-stage investment, the focus has been on the design of the organization and customer collaboration. There are variations in maturity level for adopting services in this area between both industry sectors and customers. Based on this, offering development has been started with a special focus on machine connectivity and data storing capabilities.

Tieto's cloud-related sales including all service lines account for a few percentage points of the company's net sales. In Managed Services, Tieto Cloud Server and Tieto Productivity Cloud continue to see strong demand. Cloud offerings currently represent around 8% of Managed Services' sales.

Tieto anticipates that investments (OPEX) in development and innovation will increase by close to EUR 10 million in 2014 compared with 2013 (EUR 40 million in 2013) and will be more focused on the selected offerings. In the second quarter, development costs were close to EUR 3 million higher and are expected to see a more substantial rise in the second half of 2014. Capital expenditure (CAPEX) in 2014 is anticipated to remain at the level of 3–4% of sales, which is below the current depreciation level (EUR 78.1 million in 2013).

Financial objectives

At the Capital Market Day held in May, the company reconfirmed the financial objectives for the strategy period, with an updated dividend policy. Tieto's aim is to increase dividends annually in absolute terms, with a minimum payout of 50% of its net result. The long-term target of 10% EBIT margin is unchanged. The key drivers for profit improvement are expected to be the competitive cost structure, industrialization of services and the business mix change resulting from the growth in emerging services.

New technology driving competence transformation and efficiency improvement

Tieto foresees that in the coming years, technology disruption and the changes in customer requirements will affect the whole IT industry, calling for continued efficiency improvement. Based on simplification of applications and infrastructure landscapes as well as automation via self-service channels, IT service providers will see their efficiency rise to new levels.

Over the course of this change, companies must renew their competence structures and enhance their competence base to match the needs related to new types of services. Roles like project managers, user experience experts, business analysts, vertical experts and integration experts will increase in number while there will be a reduced need for certain existing competencies in areas such as customized solutions. This change coupled with the offshoring trend may drive continued restructuring.

Tieto has seen significant restructuring costs over the past years, partly due to the transformation of the company. To ensure that Tieto can profitably deliver high-quality services at competitive prices, the company will continue to focus on improving efficiency. Going forward, new technologies and standardization will drive industry changes towards less labour-intensive solutions, especially in areas where automation and industrialization yield greater efficiency.

Performance improvement in 2014

The market for new technologies will continue to grow whereas sales of traditional services may decline. Sales development in 2014 is subject to customers' IT spend, service focus and price development, among other factors. In IT

services, the company aims to grow organically in line with the market. In Product Development Services, full-year sales are anticipated to decline in 2014 due to the continued insourcing trend.

Tieto implemented several divestments in 2012 and 2013, the largest of which was the divestment of local German and Dutch businesses. In the first quarter, Tieto divested its security solutions business in Denmark with annual sales of around EUR 2 million. The 2013 sales of the divested businesses amounted to around EUR 43 million, affecting comparability with the 2014 sales.

Tieto launched an efficiency programme in 2013 with a view to achieving annualized cost savings of over EUR 50 million as from the beginning of second quarter in 2014. The programme has been concluded according to plan and Tieto is expected to see around EUR 50 million in savings in 2014. Of the 2014 savings, EUR 40 million is additional to 2013 as around EUR 10 million was visible already in the results for 2013.

Going forward, restructuring needs will be based on potential overcapacity in selected businesses, automation and the need to realign the company's competence base. Based on the estimate for 2014, Tieto anticipates that its restructuring costs will amount to around half of the previous year's level.

As part of these anticipated measures, Tieto initiated personnel negotiations in May and June. These negotiations affect a total of 410 employees in Product Development Services (PDS) and Consulting and System Integration (CSI). Of the redundancies, 250 are anticipated to materialize in Finland and 160 in Sweden and other countries. Negotiations are proceeding as planned. The PDS negotiations, started in Finland in May, were concluded in mid-June. As a result, Tieto will reduce 70 positions. Redundancies based on the initiatives started to date are expected to be finalized by the end of October.

Financial performance in April–June

Comparison figures in this report have been restated according to the new standard IFRS 11, 'Joint arrangements'.

Second-quarter net sales were down by 7.3% and amounted to EUR 386.4 (416.7) million. Divestments, executed in 2013, had a negative impact of EUR 19 million while acquisitions added EUR 6 million to sales. Currency fluctuations had a negative impact of EUR 12 million on sales, mainly due to weaker Swedish Krona. Organically, net sales in local currencies declined by 1.3%. In IT services, net sales in local currencies were organically up by 2.6%. Clients in Product Development Services continued to cut external spending, reflecting an intensified insourcing trend.

Second-quarter operating profit (EBIT) amounted to EUR 21.5 (14.8) million, representing a margin of 5.6% (3.5). Operating profit included EUR 8.5 million in restructuring costs. Operating profit excl. one-off items¹⁾ stood at EUR 30.0 (30.6) million, or 7.8% (7.3) of net sales. In June, Tieto, the Finnish National Police Board and the Finnish ICT Agency Haltik decided to terminate the agreement on the inter-government IT system project Vitja. The company booked a loss of around EUR 3 million in the second quarter. The costs related to the Vitja project burdened operating profit of the underlying business as these costs are not booked as one-off items.

The efficiency programme had a positive effect of EUR 12 million on operating profit compared with the second quarter of 2013. Salary inflation amounted to around EUR 5 million and additionally, bonus accruals increased compared with the second quarter of 2013. Currency changes did not have any significant impact on operating profit.

Depreciation, impairment and amortization amounted to EUR 15.6 (28.6) million. The figure for 2013 includes impairment of EUR 8.0 million. The remaining part of the decrease is mainly due to a major mainframe and software agreement. Due to this agreement, depreciation is decreasing while software costs are up. Net financial expenses stood at EUR 1.0 (1.8) million in the second quarter.

Net interest expenses were EUR 0.7 (1.7) million and net losses from foreign exchange transactions EUR positive 0.0 (positive 0.2) million. Other financial income and expenses amounted to EUR -0.3 (-0.3) million.

Second-quarter earnings per share (EPS) totalled EUR 0.23 (0.10). Earnings per share excluding one-off items¹⁾ amounted to EUR 0.32 (0.30). The non-recurring taxes related to the divestment are excluded from the 2013 figure.

¹⁾ Excl. capital gains, impairments and restructuring costs

Financial performance by service line

EUR million	Customer sales 4–6/2014	Customer sales 4–6/2013	Change, %	Operating profit 4–6/2014	Operating profit 4–6/2013
Managed Services	132	125	5	7.6	5.4
Consulting and System Integration	97	108	-10	6.1	2.8
Industry Products	97	105	-7	15.0	15.4
Product Development Services	60	79	-24	-2.3	-2.6
Support Functions and Global Management				-4.8	-6.1
Total	386	417	-7	21.5	14.8

Operating margin by service line

%	Operating margin 4-6/2014	Operating margin 4-6/2013	Operating margin excl. one-off items ¹⁾ 4-6/2014	Operating margin excl. one-off items ¹⁾ 4-6/2013
Managed Services	5.8	4.3	5.8	4.6
Consulting and System Integration	6.3	2.6	7.4	8.9
Industry Products	15.3	14.7	15.6	15.8
Product Development Services	-3.8	-3.4	6.1	2.6
Total	5.6	3.5	7.8	7.3

1) Excl. capital gains, impairments and restructuring costs

Organic change in local currency by service line

EUR million	Customer sales adj. for acquisitions and currency 4-6/2014	Customer sales adj. for divestments 4-6/2013	Change, %
Managed Services	136	125	9
Consulting and System Integration	97	101	-4
Industry Products	102	100	2
IT services	335	327	3
Product Development Services	57	71	-19
Total	393	398	-1

The following divestments affected second-quarter sales: local businesses in Germany and the Netherlands and the security solutions business in Denmark. Additionally, the acquisitions of Canvisa Consulting and part of Siemens Convergence Creators' business are eliminated.

For a comprehensive set of service line and industry group figures, see the tables section.

In **Managed Services**, sales in local currencies grew organically by 9%. The market for projects to transform ICT infrastructure to cloud-based environments remained strong and sales of cloud services amounted to EUR 10 million, up by 58% compared with the previous quarter. Close to half of Managed Services' growth is attributable to revenue recognized from equipment sales Tieto being the lessor. Good volume development coupled with higher efficiency resulted in profitability improvement.

In **Consulting and System Integration**, increasing efficiency contributed to overall performance improvement. The business mix comprises both growth segments, such as Customer Experience Management, and legacy business areas. Traditional application management continued to experience price pressure and reduced revenues. The investments to increase efficiency and automation in application management will be accelerating in the second half. Sales for customer experience management and transformation consulting aiming at designing efficient up-to-date application and infrastructure architectures saw healthy growth. The telecom sector continued to experience negative development, whereas sales were up in the finance sector. Operating margin was down due to the costs related to the termination of the Vitja project.

In **Industry Products**, sales in local currencies were organically up by 2%. The healthcare and welfare sector posted significant growth while sales in the financial services sector were down, partly due to the negative development in Russia and Latvia. Good growth in maintenance continued. Profitability was slightly affected by divestments and negative development in joint ventures. Profitability of the underlying business remained healthy at the previous year's level.

In **Product Development Services (PDS)**, sales continued to decrease due to some key customers' continued insourcing. The acquisition closed in April as well as the new customer wins in the semiconductor area and some new openings with existing customers in the Mobile Devices and Consumer Electronics area are promising but the overall financial impact is still limited. The adjustment of operations has continued and the profitability of the underlying business improved. Weak demand is expected to continue and sales for the full year are anticipated to decline from the 2013 level.

Customer sales by industry group

EUR million	Customer sales 4–6/2014	Customer sales 4–6/2013	Change, %
Financial Services	84	84	0
Manufacturing, Retail and Logistics	78	78	0
Public, Healthcare and Welfare	104	102	3
Telecom, Media and Energy	60	74	-19
Product Development Services	60	79	-24
Total	386	417	-7

Organic change in local currency by industry group

EUR million	Customer sales adj. for acquisitions and currency 4–6/2014	Customer sales adj. for divestments 4–6/2013	Change, %
Financial Services	86	83	3
Manufacturing, Retail and Logistics	79	76	3
Public, Healthcare and Welfare	108	97	11
Telecom, Media and Energy	63	70	-10
IT services	335	327	3
Product Development Services	57	71	-19
Total	393	398	-1

The following divestments affected second-quarter sales: local businesses in Germany and the Netherlands and the security solutions business in Denmark. Additionally, the acquisitions of Canvisa Consulting and part of Siemens Convergence Creators' business are eliminated.

In **Financial Services**, sales in local currencies grew organically by 3%. Growth was strongest in Consulting and System Integration in Finland and Industry Products in Sweden. Front-end services continued to be the key revenue driver in the second quarter. In managed services, the activity level was good in both Finland and Sweden.

In **Manufacturing, Retail and Logistics**, sales in local currencies grew organically by 3% with growth mainly coming from outsourcing services. The industry group has concluded several new agreements in the first half and the sales pipeline remains healthy. Both the manufacturing and retail sectors posted growth. The market is active and clients are focusing on new ways to interact with their customers.

In **Public, Healthcare and Welfare**, sales in local currencies were organically up by 11%. The healthcare and welfare segment and the Swedish public sector posted strong growth. Sales for the Finnish public sector turned to slight growth. In Finland, the initiative to create national interoperability in the healthcare and welfare sector has proceeded well.

In **Telecom, Media and Energy**, sales in local currencies were down by 10%. In the second quarter, growth in the oil&gas segment also turned negative due to reduced investment levels. In the telecom, media and utilities segment, expiring projects affect volumes as the activity level to start new projects is low.

Financial performance in January–June

Comparison figures in this report have been restated according to the new standard IFRS 11, 'Joint arrangements'.

First-half net sales were down by 8.0% and amounted to EUR 773.4 (840.6) million. Divestments had a negative impact of EUR 41 million and currency fluctuations a negative impact of EUR 23 million on sales. Organically, net sales in local currencies declined by 1.3%. In IT services, net sales in local currencies were organically up by 2.9%. Clients in Product Development Services continued to cut external spending.

First-half operating profit (EBIT) amounted to EUR 55.5 (44.1) million, representing a margin of 7.2% (5.2). Operating profit included EUR 9.2 million in restructuring costs and EUR 0.2 million in capital gains. Operating profit excl. one-off

items¹⁾ stood at EUR 64.5 (61.7) million, or 8.3% (7.3) of net sales. The efficiency programme had a positive effect of over EUR 22 million on operating profit compared with the first half of 2013. The positive development was partly offset by the negative price development as well as salary inflation. Currency changes did not have any significant impact on operating profit.

Depreciation, impairment and amortization amounted to EUR 31.0 (49.8) million. The decrease is mainly due to a major mainframe and software agreement. Due to this agreement, depreciation is decreasing while software costs are up. Net financial expenses stood at EUR 2.2 (3.3) million in the first half. Net interest expenses were EUR 1.5 (2.9) million and net losses from foreign exchange transactions EUR 0.1 (positive 0.2) million. Other financial income and expenses amounted to EUR -0.6 (-0.6) million.

First-half earnings per share (EPS) totalled EUR 0.56 (0.40). Earnings per share excluding one-off items¹⁾ amounted to EUR 0.66 (0.62). The non-recurring taxes related to the divestment are excluded from the 2013 figure.

Financial performance by service line

EUR million	Customer sales 1-6/2014	Customer sales 1-6/2013	Change, %	Operating profit 1-6/2014	Operating profit 1-6/2013
Managed Services	259	245	6	18.4	6.1
Consulting and System Integration	197	216	-9	17.2	6.6
Industry Products	198	214	-8	30.4	33.0
Product Development Services	120	165	-27	-1.2	6.7
Support Functions and Global Management				-9.4	-8.2
Total	773	841	-8	55.5	44.1

Operating margin by service line

%	Operating margin 1-6/2014	Operating margin 1-6/2013	Operating margin excl. one-off items ¹⁾ 1-6/2014	Operating margin excl. one-off items ¹⁾ 1-6/2013
Managed Services	7.1	2.5	7.1	2.5
Consulting and System Integration	8.7	3.0	9.3	6.8
Industry Products	15.4	15.4	15.5	16.0
Product Development Services	-1.0	4.0	4.4	7.3
Total	7.2	5.2	8.3	7.3

1) Excl. capital gains, impairments and restructuring costs

Organic change in local currency by service line

EUR million	Customer sales adj. for acquisitions and currency 1-6/2014	Customer sales adj. for divestments 1-6/2013	Change, %
Managed Services	266	245	9
Consulting and System Integration	197	202	-2
Industry Products	208	204	2
IT services	671	651	3
Product Development Services	119	149	-20
Total	790	800	-1

The following divestments affected second-quarter sales: local businesses in Germany and the Netherlands and the security solutions business in Denmark. Additionally, the acquisitions of Canvisa Consulting and part of Siemens Convergence Creators' business are eliminated.

Customer sales by industry group

EUR million	Customer sales 1–6/2014	Customer sales 1–6/2013	Change, %
Financial Services	167	165	2
Manufacturing, Retail and Logistics	157	154	1
Public, Healthcare and Welfare	204	208	-2
Telecom, Media and Energy	125	148	-16
Product Development Services	120	165	-27
Total	773	841	-8

Organic change in local currency by industry group

EUR million	Customer sales adj. for acquisitions and currency 1–6/2014	Customer sales adj. for divestments 1–6/2013	Change, %
Financial Services	170	162	5
Manufacturing, Retail and Logistics	159	152	5
Public, Healthcare and Welfare	210	198	6
Telecom, Media and Energy	132	139	-6
IT services	671	651	3
Product Development Services	119	149	-20
Total	790	800	-1

The following divestments affected second-quarter sales: local businesses in Germany and the Netherlands and the security solutions business in Denmark. Additionally, the acquisitions of Canvisa Consulting and part of Siemens Convergence Creators' business are eliminated.

Cash flow, financing and investments

Second-quarter net cash flow from operations amounted to EUR 16.6 million (10.7), including the increase of EUR 18.6 (increase 19.6) million in net working capital. Payments for restructuring, which have a negative impact on cash flow, amounted to about EUR 12.0 (9.5) million in the second quarter. The restructuring-related cash flow in the third quarter is anticipated to remain close to the level of the second quarter.

Six-month net cash flow from operations amounted to EUR 66.6 million (60.7), including the increase of EUR 15.9 (increase 19.8) million in net working capital. Payments for restructuring amounted to about EUR 24.3 (21.9) million (negative) in the six-month period.

Tax payments declined to EUR 3.0 (8.4) million in the six-month period due to a refund of EUR 8.2 million in Finland in the second quarter.

There were no payments for acquisitions in the first half of 2014 (nor in 2013).

Six-month capital expenditure totalled EUR 20.5 (32.6) million, of which paid EUR 20.6 million (29.0). Capital expenditure represented 2.7% (3.9) of net sales and was mainly related to data centres.

The equity ratio was 48.7% (44.0). Gearing decreased to 6.2% (16.8). Net debt totalled EUR 30.3 (81.1) million, including EUR 139.6 million in interest-bearing debt, EUR 2.2 million in finance lease liabilities, EUR 10.4 million in finance lease receivables, EUR 1.5 million in other interest-bearing receivables and EUR 99.6 million in cash and cash equivalents.

The EUR 100 million bond matures in May 2019 and it carries a coupon of fixed annual interest of 2.875%. Interest-bearing long-term loans amounted to EUR 101.6 million at the end of June. Interest-bearing short-term loans amounted to EUR 38.0 million, including EUR 30 million in commercial papers issued under the EUR 250 million commercial paper programme. Other short-term interest-bearing loans of EUR 8.0 million were mainly related to an agreement for software license financing and joint venture cash pool balances. The syndicated revolving credit facility of EUR 100 million maturing in May 2016 was not in use at the end of June.

Order backlog

Total Contract Value (TCV) amounted to EUR 398 (551) million in the second quarter. Some won contract closings were postponed to the second half of the year. According to the current definition for TCV, the total value, including the part beyond the notice period, is included in the TCV. Tieto estimates that the change in the definition did not have any significant impact on the figure. Book-to-bill stood at 1.0 (1.4).

TCV for the deals signed in the six-month period amounted to EUR 814 (906) million and book-to-bill stood at 1.1 (1.1). The order backlog rose to EUR 1 550 (1 469) million. In total, 38% (37) of the backlog is expected to be invoiced during 2014.

Business transactions in January–June

In January, Tieto signed an agreement with Siemens to acquire part of Siemens Convergence Creators' Network Directory Server (NDS), IP Multimedia Systems (IMS), Home Location Register (HLR) and Radio Access (RA) businesses. The transaction will strengthen Tieto Product Development Services' (PDS) portfolio in the voice and IP transformation area.

As part of the acquisition, approximately 220 employees transferred to Tieto. Based on the acquisition, new business related to a significant customer will also be transferred to Tieto PDS. Over time, the transaction is expected to contribute in excess of EUR 15 million to annual sales. In addition, it is anticipated to improve PDS' profit. The final transition to Tieto took place on 1 April 2014.

In the first quarter, Tieto divested its PKI security solutions business in Denmark. The annual sales of the divested business amounted to around EUR 2 million.

Major agreements in January–June

Financial Services

In March, Tieto and LähiTapiola decided to expand their collaboration and have now signed a five-year framework agreement with an option of two additional years on application maintenance and development. The agreement covers key financial and personnel management systems and implementation of SAP software.

In March, OP-Pohjola selected Tieto as the provider of a new platform for its customer services. The platform is provided "as a Service". The total value of the agreement running over two years is close to EUR 6 million.

In June, Tieto and Arek concluded an agreement on maintenance, development and project services. The agreement runs for four and a half years.

In June, ELO selected Tieto as its Infrastructure renewal partner with a total contract value of over EUR 13 million. The agreement runs for four years with an option for one additional year. Tieto and ELO also concluded a frame agreement on IT services.

In June, Ilmarinen selected Tieto as its partner for front-end renewal and maintenance.

Manufacturing, Retail and Logistics

In January, Metso and Valmet signed an extensive five-year contract with Tieto on IT capacity services. The cloud-based solution is expected to bring significant cost savings and long-term flexibility for Metso and Valmet.

In January, Mondi selected Tieto as the provider of Holistic Manufacturing Intelligence for Advanced Process Control, a sustainable performance solution for paper and board production. The project is expected to be finalized in 2016 and the total value of the agreement is around EUR 3 million.

In March, HSB and Tieto concluded a new three-year agreement on infrastructure services with a total contract value of EUR 5 million. In April, the agreement was expanded to cover additional services in the cloud and workplace area.

In June, Tieto and Lemminkäinen concluded a four-year agreement on infrastructure outsourcing.

In June, Onninen chose Tieto as a provider of SAP-related infrastructure services and cloud services. The agreement runs for three years.

Public, Healthcare and Welfare

In January, Nacka municipality extended its outsourcing agreement on infrastructure services with Tieto. The contract value is SEK 45 million and is valid until 2017.

In February, Stockholm County Council concluded an outsourcing agreement on infrastructure services with Tieto. The contract value is close to EUR 7 million and is valid until 2015.

In February, Tietokarhu, a joint venture of Tieto and the Finnish state, signed a contract extension enabling the Finnish Tax Administration to continue to use Tietokarhu's services in a flexible manner during 2017–2019. The value of the agreement is estimated to be around EUR 9–10 million annually.

In March, the Finnish Transport Safety Agency and Tieto concluded an agreement on infrastructure services as part of the large frame agreement with Hansel, signed in May 2013. The agreement is valid until 2021 and the contract value is around EUR 14 million.

In June, Region Skåne decided on a two-year extension to its existing contract. The contract value is EUR 11 million.

Based on the Hansel frame agreement concluded in May 2013, the Finnish Transport Safety Agency chose Tieto as a partner for managed services in the second quarter. The total value of the contract is EUR 8 million.

In June, Tieto, the Finnish National Police Board and the Finnish ICT Agency Haltik decided to terminate the agreement on the inter-government IT system project Vitja. The parties mutually agreed that Tieto will pay a one-time fee of EUR 7.5 million to the Finnish National Police Board. In addition to the provisions reported earlier, the company booked a loss of around EUR 3 million in the second quarter. A cash flow effect of EUR 7.5 million will materialize in the third quarter.

Telecom, Media and Energy

Telecom, Media and Energy experienced a solid inflow of new contracts, mainly in the telecom sector, as well as a number of smaller agreements across industries. However, according to customer agreements, Tieto is not able to disclose the contracts.

Personnel

The number of full-time employees amounted to 14 126 (14 933) at the end of June. The number of full-time employees in the global delivery centres totalled 6 481 (6 603), or 45.9% (44.2) of all personnel. In Product Development Services, the offshore ratio was 61.6% (60.8). In IT services, the offshore rate continued to rise and stood at 42.0% (39.4) at the end of June.

During the six-month period, the number of full-time employees decreased by a net amount of around 200. Acquisitions added around 200 employees and net recruitments around 50 employees while job cuts reduced the number of personnel by over 400. Around 330 of the job cuts were related to the 2013 efficiency programme, which was concluded in the first quarter of 2014. The 12-month rolling employee turnover stood at 9.4% (9.7) at the end of June. The average number of full-time employees was 14 180 (15 720) in the first half.

Salary inflation is expected to be around 3% on average in 2014. In offshore countries, salary inflation is clearly above the average. Markets like India may see double-digit salary hikes.

Shares and share-based incentives

Between 1 January and 31 March 2014, a total of 334 512 new Tieto shares were subscribed for with the company's stock options. As a result of the subscriptions, the number of Tieto shares increased to 73 477 979. The new shares were registered in the Trade Register on 15 April 2014.

Between 1 April and 2 June 2014, a total of 75 852 new shares were subscribed for with the company's stock options 2009B and a total of 16 455 new shares with stock options 2009C. The shares subscribed for under the stock options were registered in the Trade Register on 17 June. At the end of the quarter, the number of Tieto shares was 73 570 286.

On 30 June, the company held a total of 510 819 own shares, representing 0.7% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 73 059 467 at the end of the period.

In May, the Board of Directors decided to utilize company shares in a new reward plan for selected key employees. The plan will run until the end of 2016. The maximum number of Tieto shares to be delivered to the participants is 62 500 shares. Proposals for authorizing the Board of Directors to acquire own shares from the market and to issue the plan-based shares will be made to the Shareholders' Annual General Meeting of 2016.

Near-term risks and uncertainties

Slow growth in Europe might lead to weakness in the IT services market as well. As Tieto's top 10 customers account for 35% of its net sales, the company's development is relatively sensitive to changes in the demand from large customers.

The risks related to Russia are limited as the share of sales in Russia is less than 1%. However, if the crisis were to affect the Finnish economy, it would have an indirect impact on the IT services market in Finland.

As is typical of Product Development Services, visibility is weak due to the short order backlog. Overall, the intensified insourcing trend in the telecom sector and the challenging business environment may have a negative impact on the company going forward. The company has initiated efficiency measures to adjust its resources and closely monitors the development of demand.

The major transformation of the IT industry may result in continuous actions to renew competences. This change coupled with the offshoring trend may drive continued restructuring within companies. This might create uncertainty among personnel and pose risks related to the company's performance.

As is typical of the industry, the large size of individual deals may have a strong effect on growth, and price pressure might lead to weak profitability. Additionally, new technologies, such as cloud computing, drive customer demand towards standardized and less labour-intensive solutions. All these changes might result in the need for continuous restructuring.

Typical risks faced by the IT service industry involve additional technology licence fees, 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.

Full-year outlook for 2014 unchanged

Tieto expects its full-year operating profit (EBIT) excluding one-off items to increase from the previous year's level (EUR 141.2 million in 2013).

Auditing

The figures in this report are unaudited.

Financial calendar 2014

23 October

Interim report 3/2014 (8.00 am EET)

Accounting policies 2014

The interim report has been prepared in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the EU. The accounting policies adopted are consistent with those used in the annual financial statements for the year ended on 31 December 2013. The accounting policies, standards, interpretations and amendments taken into use in 2014 are described in the annual financial statements.

IFRS 11 'Joint arrangements' focuses on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangements: 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 share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has a right to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. Tieto reports the results as one line above operating profit (EBIT). Adjusted comparative information is provided concerning the preceding period. Equity accounting decreased the Group's annual net sales 2013 by around 4%. The change mainly affected the Industry Products (around 12% negative) and Managed Services (around 2% negative) service lines. Of industry groups, the change mainly affected Financial Services (around 10% negative) and Public Healthcare and Welfare (around 7% negative). EBIT is affected by the amount corresponding to Tieto's share of joint ventures' financial items and taxes. The company's net profit for the period is not affected.

Other IFRS changes do not currently have any material impact on the Group's financial statements.

Key figures

	2014 4-6	2013 4-6	2014 1-3	2014 1-6	2013 1-6	2013 1-12
Earnings per share, EUR						
Basic	0.23	0.10	0.34	0.56	0.40	0.86
Diluted	0.23	0.10	0.34	0.56	0.40	0.86
Equity per share, EUR	6.70	6.67	6.56	6.70	6.67	7.08
Return on equity, 12-month rolling, %	15.3	6.6	13.5	15.3	6.6	12.0
Return on capital employed, 12-month rolling, % ¹⁾	14.8	10.3	15.3	14.8	10.3	13.5
Equity ratio, %	48.7	44.0	44.9	48.7	44.0	49.3
Interest-bearing net debt, EUR million	30.3	81.1	-20.5	30.3	81.1	15.5
Gearing, %	6.2	16.8	-4.3	6.2	16.8	3.0
Investments, EUR million	7.1	15.3	13.4	20.5	32.6	71.7

¹⁾ When calculating Return on capital employed the negative net impact on interest rate swaps and exchange differences are now considered as other financial expenses. The key figure for year 2013 has been correspondingly restated.

The balance sheet items concerning year 2012 in the 12-month average denominator are not restated according to the IFRS 11 'Joint arrangements'.

Number of shares

	2014 4-6	2014 1-3	2014 1-6	2013 1-6	2013 1-12
Outstanding shares, end of period					
Basic	73 059 467	72 632 648	73 059 467	72 572 865	72 590 573
Diluted	73 360 108	73 087 532	73 360 108	72 841 681	72 894 452
Outstanding shares, average					
Basic	72 929 898	72 613 122	72 772 385	72 158 489	72 369 221
Diluted	73 245 193	73 042 223	73 084 258	72 495 581	72 677 909
Company's possession of its own shares					
End of period	510 819	510 819	510 819	540 302	541 794
Average	510 819	528 372	519 547	546 446	543 402

Income statement, EUR million

	2014 4–6	2013 4–6	2014 1–6	2013 1–6	Change %	2013 1–12
Net sales	386.4	416.7	773.4	840.6	-8	1 606.8
Other operating income	3.8	3.1	7.6	7.1	7	18.1
Employee benefit expenses	219.3	244.7	436.7	493.2	-11	923.7
Depreciation, amortization and impairment charges	15.6	28.6	31.0	49.8	-38	89.7
Other operating expenses	135.1	133.8	260.2	265.2	-2	533.1
Share of profit from investments accounted for using the equity method	1.3	2.1	2.4	4.6	-48	7.3
Operating profit (EBIT)	21.5	14.8	55.5	44.1	26	85.7
Interest and other financial income	0.3	1.3	0.5	2.6	-81	5.3
Interest and other financial expenses	-1.3	-3.3	-2.6	-6.1	-57	-12.7
Net exchange gains/losses	0.0	0.2	-0.1	0.2	-	0.8
Profit before taxes	20.5	13.0	53.3	40.8	31	79.1
Income taxes	-4.0	-5.6	-12.2	-12.0	2	-16.9
Net profit for the period	16.5	7.4	41.1	28.8	43	62.2
Net profit for the period attributable to						
Shareholders of the Parent company	16.5	7.4	41.1	28.8	43	62.2
Non-controlling interest	0.0	0.0	0.0	0.0	-	0.0
	16.5	7.4	41.1	28.8	43	62.2
Earnings per share attributable to the shareholders of the Parent company, EUR						
Basic	0.23	0.10	0.56	0.40	40	0.86
Diluted	0.23	0.10	0.56	0.40	65	0.86
Statement of comprehensive income, EUR million						
Net profit for the period	16.5	7.4	41.1	28.8	43	62.2
Items that may be reclassified subsequently to profit or loss						
Translation differences	-4.5	-14.1	-5.3	-11.7	-	-21.2
Cash flow hedges (net of tax)	0.5	-0.4	1.0	-1.1	-	-1.8
Items that will not be reclassified subsequently to profit or loss						
Actuarial gain/loss on post employment benefit obligations (net of tax)	0.0	-3.4	0.0	-3.4	-	3.3
Total comprehensive income	12.5	-10.5	36.8	12.6	192	42.5
Total comprehensive income attributable to						
Shareholders of the Parent company	12.5	-10.5	36.8	12.6	192	42.5
Non-controlling interest	0.0	0.0	0.0	0.0	-	0.0
	12.5	-10.5	36.8	12.6	192	42.5

Balance sheet, EUR million

	2014 30 Jun	2013 30 Jun	Change %	2013 31 Dec
Goodwill	367.5	374.8	-2	372.3
Other intangible assets	41.3	45.9	-10	44.1
Property, plant and equipment	85.4	98.1	-13	94.6
Investments accounted for using the equity method	18.1	20.2	-10	21.5
Deferred tax assets	26.0	31.6	-18	27.3
Finance lease receivables	6.0	4.1	46	1.9
Other interest-bearing receivables	1.2	1.7	-29	1.6
Available-for-sale financial assets	0.7	0.7	0	0.7
Total non-current assets	546.2	577.1	-5	564.0
Trade and other receivables	393.1	455.6	-14	395.9
Pension benefit assets	7.1	-	-	5.8
Finance lease receivables	4.4	3.1	42	4.3
Other interest-bearing receivables	0.3	0.3	0	0.3
Current income tax receivables	6.8	4.1	66	10.2
Cash and cash equivalents	99.6	126.4	-21	114.1
Total current assets	511.3	589.5	-13	530.6
Total assets	1 057.5	1 166.6	-9	1 094.6
Share capital, share issue premiums and other reserves	121.3	122.6	-1	122.3
Share issue based on stock options	-	-	-	0.1
Retained earnings	368.4	361.1	2	391.7
Parent shareholders' equity	489.7	483.7	1	514.1
Non-controlling interest	0.1	0.2	-50	0.1
Total equity	489.8	483.9	1	514.2
Loans	101.6	102.1	0	103.1
Deferred tax liabilities	25.6	25.4	1	25.6
Provisions	6.5	5.1	27	9.1
Pension obligations	19.7	23.9	-18	19.1
Other non-current liabilities	2.5	3.6	-31	3.0
Total non-current liabilities	155.9	160.1	-3	159.9
Trade and other payables	335.4	370.3	-9	334.8
Current income tax liabilities	11.2	9.5	18	7.0
Provisions	25.1	28.3	-11	44.2
Loans	40.1	114.5	-65	34.5
Total current liabilities	411.8	522.6	-21	420.5
Total equity and liabilities	1 057.5	1 166.6	-9	1 094.6

Net working capital in the balance sheet, EUR million

	2014 30 Jun	2013 30 Jun	Change %	2014 31 Mar	2013 31 Dec
Accounts receivable	286.0	339.6	-16	291.1	299.1
Other working capital receivables	100.6	103.6	-3	114.8	87.6
Working capital receivables included in assets	386.6	443.2	-13	405.9	386.7
Accounts payable	74.8	70.6	6	74.1	84.4
Personnel related accruals	142.1	150.3	-5	148.2	131.4
Other working capital liabilities	151.3	180.5	-16	184.2	172.5
Working capital liabilities included in current liabilities	368.2	401.4	-8	406.5	388.3
Net working capital in the balance sheet	18.4	41.8	-56	-0.6	-1.6

Cash flow, EUR million

	2014 4-6	2013 4-6	2014 1-3	2014 1-6	2013 1-6	2013 1-12
Cash flow from operations						
Net profit	16.5	7.4	24.6	41.1	28.8	62.2
Adjustments						
Depreciation, amortization and impairment charges	15.6	28.6	15.4	31.0	49.8	89.7
Share-based payments	0.0	0.1	0.0	0.0	0.5	0.8
Profit/loss on sale of fixed assets and shares	-0.1	0.0	-0.2	-0.3	0.1	-1.4
Share of profit from investments accounted for using the equity method	-1.3	-2.1	-1.1	-2.4	-4.6	-7.3
Other adjustments	-0.7	-4.9	-0.1	-0.8	-3.7	-9.2
Net financial expenses	1.0	1.8	1.2	2.2	3.3	6.6
Income taxes	4.0	5.6	8.2	12.2	12.0	16.9
Change in net working capital	-18.6	-19.6	2.7	-15.9	-19.8	24.0
Cash generated from operations	16.4	16.9	50.7	67.1	66.4	182.3
Net financial expenses paid	-3.1	-1.9	-0.3	-3.4	-4.9	-12.1
Dividends received from investments accounted for using the equity method	-	-	5.9	5.9	7.6	7.6
Income taxes paid	3.3	-4.3	-6.3	-3.0	-8.4	-18.8
Net cash flow from operations	16.6	10.7	50.0	66.6	60.7	159.0
Cash flow from investing activities						
Acquisition of Group companies and business operations, net of cash acquired	-	-	-	-	-	-1.7
Capital expenditures	-7.2	-15.7	-13.4	-20.6	-29.0	-58.5
Disposal of Group companies and business operations, net of cash disposed	0.1	-19.5	0.6	0.7	-19.5	-17.3
Sales of fixed assets	0.5	0.0	0.0	0.5	0.0	1.2
Change in loan receivables	-4.7	1.4	0.7	-4.0	1.0	2.1
Net cash used in investing activities	-11.3	-33.8	-12.1	-23.4	-47.5	-74.2
Cash flow from financing activities						
Dividends paid	-65.4	-59.7	-	-65.4	-59.7	-59.7
Exercise of stock options	4.0	5.7	0.1	4.1	6.9	7.1
Payments of finance lease liabilities	-1.0	-0.6	-0.9	-1.9	-3.4	-5.4
Change in interest-bearing liabilities	19.7	95.1	-13.6	6.1	89.4	6.0
Net cash used in financing activities	-42.7	40.5	-14.4	-57.1	33.2	-52.0
Change in cash and cash equivalents	-37.4	17.4	23.5	-13.9	46.4	32.8
Cash and cash equivalents at the beginning of period	136.3	93.1	114.1	114.1	75.8	75.8
Foreign exchange differences	0.7	2.2	-1.3	-0.6	4.2	5.5
Assets classified as held for sale	-	13.7	-	-	-	-
Change in cash and cash equivalents	-37.4	17.4	23.5	-13.9	46.4	32.8
Cash and cash equivalents at the end of period	99.6	126.4	136.3	99.6	126.4	114.1

Statement of changes in shareholders' equity, EUR million

	Parent shareholders' equity									Non- control- ling inter- est	Total equity
	Share capi- tal	Share issue premi- ums and other re- ser- ves	Share issue based on stock op- tions	Own shares	Trans- lation differ- ences	Cash flow hedges	In- vest- ed unre- strict- ed equity re- serve	Re- tained earn- ings	Total		
At 1 Jan 2013	75.9	41.4	1.2	-11.6	8.4	0.1	2.2	406.7	524.3	0.2	524.5
Comprehensive income											
Net profit for the period								28.8	28.8	0.0	28.8
Other comprehensive income											
Actuarial gain on post employment benefit obligations (net of tax)								-3.4	-3.4		-3.4
Translation difference		-0.9			-23.0			12.2	-11.7		-11.7
Cash flow hedges (net of tax)						-1.1			-1.1		-1.1
Total comprehensive income		-0.9			-23.0	-1.1		37.6	12.6	0.0	12.6
Transactions with owners											
Share-based payments recognized against equity								0.7	0.7		0.7
Dividend								-59.7	-59.7		-59.7
Share subscriptions based on stock options	0.6	5.6	-1.2				0.8		5.8		5.8
Non-controlling interest											0.0
Total transactions with owners	0.6	5.6	-1.2				0.8	-59.0	-53.2	0.0	-53.2
Impact on investments accounted for using the equity method								0.0	0.0		0.0
At 30 Jun 2013	76.5	46.1	0.0	-11.6	-14.6	-1.0	3.0	385.3	483.7	0.2	483.9

	Parent shareholders' equity								Non- control- ling inter- est	Total equity	
	Share capi- tal	Share issue premi- ums and other re- ser- ves	Share issue based on stock op- tions	Own shares	Trans- lation differ- ences	Cash flow hedges	In- vest- ed unre- strict- ed equity re- serve	Re- tained earn- ings	Total		
At 31 Dec 2013	76.5	45.8	0.1	-11.6	-26.6	-1.7	3.1	428.5	514.1	0.1	514.2
Comprehensive income											
Net profit for the period								41.1	41.1	0.0	41.1
Other comprehensive income											
Actuarial gain on post employment benefit obligations (net of tax)								0.0	0.0		0.0
Translation difference		-1.0			-10.3			6.0	-5.3		-5.3
Cash flow hedges (net of tax)						1.0			1.0		1.0
Total comprehensive income		-1.0			-10.3	1.0		47.1	36.8	0.0	36.8
Transactions with owners											
Share-based payments recognized against equity								0.2	0.2		0.2
Dividend								-65.4	-65.4		-65.4
Share subscriptions based on stock options			-0.1				4.1		4.0		4.0
Non-controlling interest											0.0
Total transactions with owners	0.0	0.0	-0.1				4.1	-65.2	-61.2	0.0	-61.2
Impact on investments accounted for using the equity method											
								0.0	0.0		0.0
At 30 Jun 2014	76.5	44.8	0.0	-11.6	-36.9	-0.7	7.2	410.4	489.7	0.1	489.8

Segment information

Customer sales by service line, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Managed Services	132	125	5	259	245	6	492
Consulting and System Integration	97	108	-10	197	216	-9	410
Industry Products	97	105	-7	198	214	-8	416
Product Development Services	60	79	-24	120	165	-27	289
Group total	386	417	-7	773	841	-8	1 607

No internal sales occur between service lines as in the management accounting, revenue and costs are booked directly to the respective customer projects in the service lines.

The comparison figures 2013 have changed from the figures published initially due to adoption of the new IFRS 11, 'Joint arrangements' as of 1 January 2014.

Customer sales by country, EUR million

	2014	Change	Share	2013	Share	2013
	1-6	%	%	1-6	%	1-12
Finland	362	-3	47	374	44	729
Sweden	279	-2	36	283	34	555
Other	133	-28	17	184	22	322
Group total	773	-8	100	841	100	1 607

In Finland, IT services sales in the first half remained at the previous year's level.

In Sweden, organic growth in local currencies was 5%. IT services grew organically by 8% in local currencies.

Customer sales by industry group, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Financial Services	84	84	0	167	165	2	331
Manufacturing, Retail and Logistics	78	78	0	157	154	1	305
Public, Healthcare and Welfare	104	102	3	204	208	-2	403
Telecom, Media and Energy	60	74	-19	125	148	-16	279
Product Development Services	60	79	-24	120	165	-27	289
Group total	386	417	-7	773	841	-8	1 607

Customer sales to the telecom sector were EUR 192 (246) million during January-June.

Revenues derived from any single external customer during January-June 2014 or 2013 did not exceed the 10% level of the total net sales of the Group.

Operating profit (EBIT) by service line, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Managed Services	7.6	5.4	41.1	18.4	6.1	204.8	10.2
Consulting and System Integration	6.1	2.8	118.2	17.2	6.6	161.3	9.0
Industry Products	15.0	15.4	-2.7	30.4	33.0	-7.8	81.2
Product Development Services	-2.3	-2.6	12.6	-1.2	6.7	-117.6	8.4
Support Functions and Global Management	-4.8	-6.1	21.0	-9.4	-8.2	-14.3	-23.0
Operating profit (EBIT)	21.5	14.8	45.6	55.5	44.1	26.0	85.7

Operating margin (EBIT) by service line, %

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6		1-6	1-6		1-12
Managed Services	5.8	4.3	1.5	7.1	2.5	4.7	2.1
Consulting and System Integration	6.3	2.6	3.7	8.7	3.0	5.7	2.2
Industry Products	15.3	14.7	0.7	15.4	15.4	0.0	19.5
Product Development Services	-3.8	-3.4	-0.5	-1.0	4.0	-5.0	2.9
Operating margin (EBIT)	5.6	3.5	2.0	7.2	5.2	1.9	5.3

Operating profit (EBIT) excl. one-off items by service line, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Managed Services	7.6	5.7	34.0	18.3	6.0	204.0	21.0
Consulting and System Integration	7.2	9.6	-24.9	18.4	14.7	25.2	32.0
Industry Products	15.2	16.6	-8.7	30.5	34.2	-10.8	82.8
Product Development Services	3.7	2.0	81.8	5.2	12.0	-56.4	19.4
Support Functions and Global Management	-3.7	-3.3	-12.2	-8.0	-5.3	-51.6	-14.2
Operating profit (EBIT)	30.0	30.6	-2.1	64.5	61.7	4.5	141.2

Operating margin (EBIT) excl. one-off items by service line, %

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6		1-6	1-6		1-12
Managed Services	5.8	4.6	1.2	7.1	2.5	4.6	4.3
Consulting and System Integration	7.4	8.9	-1.4	9.3	6.8	2.6	7.8
Industry Products	15.6	15.8	-0.3	15.5	16.0	-0.5	19.9
Product Development Services	6.1	2.6	3.5	4.4	7.3	-2.9	6.7
Operating margin (EBIT)	7.8	7.3	0.4	8.3	7.3	1.0	8.8

Personnel by service line

	End of period			Average			
	2014	Change	Share	2013	2013	2014	2013
	1-6	%	%	1-6	1-12	1-6	1-6
Managed Services	3 137	0	22	3 138	3 090	3 108	3 104
Consulting and System Integration	3 886	-6	28	4 136	3 986	3 897	4 280
Industry Products	2 971	2	21	2 923	2 919	2 952	3 076
Product Development Services	2 978	-16	21	3 543	3 193	3 075	4 034
Service Lines total	12 971	-6	92	13 739	13 188	13 031	14 494
Industry Groups	415	0	3	415	390	409	432
Support Functions and Global Management	739	-5	5	778	740	740	795
Group total	14 126	-5	100	14 933	14 318	14 180	15 720

Personnel by country

	End of period			Average			
	2014	Change	Share	2013	2013	2014	2013
	1-6	%	%	1-6	1-12	1-6	1-6
Finland	4 352	-8	31	4 750	4 405	4 358	4 765
Sweden	2 574	-9	18	2 813	2 701	2 618	2 850
Czech Republic	1 996	4	14	1 911	1 940	1 970	1 911
India	1 688	9	12	1 547	1 591	1 624	1 586
China	778	-27	6	1 072	949	867	1 106
Latvia	687	2	5	676	689	691	655
Poland	611	-28	4	847	722	660	999
Norway	420	-7	3	452	438	430	444
Philippines	239	26	2	189	231	236	183
Lithuania	125	-5	1	131	129	128	134
Other	656	20	5	545	523	597	1 088
Group total	14 126	-5	100	14 933	14 318	14 180	15 720
Onshore countries	7 645	-8	54	8 330	7 835	7 923	8 916
Offshore countries	6 481	-2	46	6 603	6 483	6 257	6 804
Group total	14 126	-5	100	14 933	14 318	14 180	15 720

Non-current assets by country, EUR million

	2014	2013	Change	2013
	30 Jun	30 Jun	%	31 Dec
Finland	92.1	101.1	-9	101.5
Sweden	27.0	31.9	-15	28.0
Other	7.7	11.0	-30	9.2
Total non-current assets	126.8	144.0	-12	138.7

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.

Depreciation by service line, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Managed Services	13.0	17.0	-24	25.4	34.3	-26	67.1
Consulting and System Integration	0.2	0.3	-38	0.4	0.5	-28	1.0
Industry Products	0.1	0.1	-38	0.2	0.3	-41	0.5
Product Development Services	0.1	0.2	-47	0.2	0.4	-42	0.7
Support Functions and Global Management	2.1	2.2	-5	4.3	4.5	-4	8.8
Group total	15.4	19.8	-22	30.4	39.9	-24	78.1

Amortization on allocated intangible assets from acquisitions by service line, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Managed Services	-	0.4	-100	0.2	0.9	-76	1.8
Consulting and System Integration	0.1	0.1	-22	0.2	0.3	-26	0.6
Industry Products	0.1	0.2	-58	0.2	0.4	-64	0.9
Product Development Services	-	0.1	-100	-	0.2	-100	0.4
Support Functions and Global Management	-	-	-	-	-	-	-
Group total	0.2	0.8	-77	0.6	1.8	-68	3.7

Impairment losses by service line, EUR million

	2014	2013	Change	2014	2013	Change	2013
	4-6	4-6	%	1-6	1-6	%	1-12
Managed Services	-	0.1	-100	-	0.1	-100	0.1
Consulting and System Integration	-	2.6	-100	-	2.6	-100	2.6
Industry Products	-	1.3	-100	-	1.3	-100	1.3
Product Development Services	-	3.6	-100	-	3.6	-100	3.6
Support Functions and Global Management	-	0.4	-100	-	0.4	-100	0.4
Group total	-	8.0	-100	-	8.0	-100	8.0

Commitments and contingencies, EUR million

	30 Jun 2014	31 Dec 2013
For Tieto obligations		
Guarantees		
Performance guarantees	27.6	39.3
Lease guarantees	10.0	11.1
Other	0.3	0.4
Other Tieto obligations		
Rent commitments due in one year	53.1	52.7
Rent commitments due in 1–5 years	121.7	117.8
Rent commitments due after 5 years	17.2	24.8
Operating lease commitments due in one year	5.1	5.3
Operating lease commitments due in 1–5 years	6.5	5.7
Operating lease commitments due after 5 years	0.7	0.8
Commitments to purchase assets	8.6	17.5
On behalf of joint ventures	-	-
On behalf of others		
Guarantees	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.

	30 Jun 2014	31 Dec 2013
Foreign exchange forward contracts	149.6	180.6
Forward contracts outside hedge accounting	104.9	129.5
Forward contracts within hedge accounting	44.7	51.1
Electricity price futures contracts	1.3	1.7

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date were:

	30 Jun 2014	31 Dec 2013
Foreign exchange forward contracts	-0.9	-3.3
Electricity price futures contracts	-0.2	-0.3

Derivatives are used for economic hedging purposes only.

Gross positive fair values of derivatives:

	Positive 30 Jun 2014	Positive 31 Dec 2013
Foreign exchange forward contracts	0.8	0.6
Forward contracts outside hedge accounting	0.7	0.4
Forward contracts within hedge accounting ¹⁾	0.1	0.2
Electricity price futures contracts	-	-

Gross negative fair values of derivatives:	Negative	Negative
	30 Jun 2014	31 Dec 2013
Foreign exchange forward contracts	-1.7	-3.9
Forward contracts outside hedge accounting	-0.8	-1.6
Forward contracts within hedge accounting ¹⁾	-0.9	-2.3
Electricity price futures contracts	-0.2	-0.3
¹⁾ Forward contracts within hedge accounting (net)	-0.8	-2.1
The amount recognized in equity	-0.8	-2.1
Net periodic interest rate difference recognized in interest income/expenses	-	-

Foreign exchange derivatives' fair values are calculated according to FX and interest rates on the closing date.

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 (note Other reserves) on forward foreign exchange contracts as of 30 June 2014 amounted to net EUR -0.8 million (EUR -2.1 in 31 December 2013). These are recognized 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 of the end of the reporting period. The hedged cash flows are expected to expire monthly within 12 months.

The efficient portion of cash flow hedges recognized in net sales at 30 June 2014 amounted to a gain of EUR 0.5 million (EUR 0.7 million in 31 December 2013) and a loss of EUR 1.5 million (EUR 1.6 million in 31 December 2013) 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 0.1 million at 30 June 2014 (EUR 0.3 million gain in 31 December 2013). The inefficient portion recognized in other operating expenses that arises from cash flow hedges amounts to a loss of EUR 0.3 million at 30 June 2014 (EUR 0.2 million in 31 December 2013).

Other reserves

Cash flow hedges

EUR million	Hedging reserve
Balance at 1 Jan 2013	0.2
Fair value gains in year	1.6
Fair value losses in year	-4.0
Tax on fair value gains	0.5
Tax on fair value losses	0.0
Balance at 31 Dec 2013	-1.7
Balance at 1 Jan 2014	-1.7
Fair value gains in year	1.3
Fair value losses in year	0.0
Tax on fair value gains	-0.3
Tax on fair value losses	0.0
Balance at 30 June 2014	-0.7

Fair value measurement of financial assets and liabilities

EUR million				
30 Jun 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	-	0.8	-	0.8
Available-for-sale investments	-	-	0.7	0.7
Financial liabilities at fair value through profit or loss				
Derivatives	-	1.9	-	1.9
EUR million				
31 Dec 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	-	0.6	-	0.6
Available-for-sale investments	-	-	0.7	0.7
Financial liabilities at fair value through profit or loss				
Derivatives	-	4.2	-	4.2

Available-for-sale investments' fair value measurement is based on their initial value. The fair market value cannot be reliably estimated, due to lack of proper market for the assets.

Acquisitions during April-June in 2014

As of April 2014 Tieto acquired part of Siemens Convergence Creators' businesses. The acquisition is not material to Tieto consolidated financial statements.

As part of the transaction 220 employees were transferred to Tieto. No goodwill arose from the acquisition.

QUARTERLY FIGURES

Key figures

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Earnings per share, EUR						
Basic	0.23	0.34	0.21	0.25	0.10	0.30
Diluted	0.23	0.34	0.21	0.25	0.10	0.30
Equity per share, EUR	6.70	6.56	7.08	7.08	6.67	6.79
Return on equity, 12-month rolling, %	15.3	13.5	12.0	5.4	6.6	3.7
Return on capital employed, 12-month rolling, % ¹⁾	14.8	15.3	13.5	9.0	10.3	8.1
Equity ratio, %	48.7	44.9	49.3	46.7	44.0	43.2
Interest-bearing net debt, EUR million	30.3	-20.5	15.5	52.6	81.1	18.3
Gearing, %	6.2	-4.3	3.0	10.2	16.8	3.7
Investments, EUR million	7.1	13.4	23.6	15.5	15.3	17.3

¹⁾ When calculating Return on capital employed the negative net impact on interest rate swaps and exchange differences are now considered as other financial expenses. The key figure for year 2013 has been correspondingly restated.

The balance sheet items concerning year 2012 in the 12-month average denominator are not restated according to the IFRS 11 'Joint arrangements'.

Income statement, EUR million

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Net sales	386.4	387.0	405.1	361.1	416.7	423.9
Other operating income	3.8	3.8	6.5	4.5	3.1	4.0
Employee benefit expenses	219.3	217.4	230.7	199.8	244.7	248.5
Depreciation, amortization and impairment charges	15.6	15.4	20.6	19.3	28.6	21.2
Other operating expenses	135.1	125.1	144.4	123.5	133.8	131.4
Share of profit from investments accounted for using the equity method	1.3	1.1	1.4	1.3	2.1	2.5
Operating profit (EBIT)	21.5	34.0	17.3	24.3	14.8	29.3
Financial income and expenses	-1.0	-1.2	-1.6	-1.7	-1.8	-1.5
Profit before taxes	20.5	32.8	15.7	22.6	13.0	27.8
Income taxes	-4.0	-8.2	-0.7	-4.2	-5.6	-6.4
Net profit for the period	16.5	24.6	15.0	18.4	7.4	21.4

Balance sheet, EUR million

	2014 30 Jun	2014 31 Mar	2013 31 Dec	2013 30 Sep	2013 30 Jun	2013 31 Mar
Goodwill	367.5	371.1	372.3	376.7	374.8	383.9
Other intangible assets	41.3	43.2	44.1	40.3	45.9	51.1
Property, plant and equipment	85.4	93.2	94.6	96.4	98.1	100.3
Investments accounted for using the equity method	18.1	16.7	21.5	20.2	20.2	18.1
Other non-current assets	33.9	30.5	31.5	34.6	38.1	36.6
Total non-current assets	546.2	554.7	564.0	568.2	577.1	590.0
Trade receivables and other current assets	411.7	437.5	416.5	439.8	463.1	482.6
Cash and cash equivalents	99.6	136.3	114.1	150.6	126.4	93.1
Total current assets	511.3	573.8	530.6	590.4	589.5	575.7
Assets classified as held for sale	-	-	-	2.0	-	47.3
Total assets	1 057.5	1 128.5	1 094.6	1 160.6	1 166.6	1 213.0
Total equity	489.8	476.2	514.2	513.5	483.9	488.7
Non-current loans	101.6	102.1	103.1	101.0	102.1	3.8
Other non-current liabilities	54.3	56.5	56.8	58.5	58.0	61.2
Total non-current liabilities	155.9	158.6	159.9	159.5	160.1	65.0
Trade payables and other current liabilities	346.6	439.1	341.8	343.9	379.8	468.6
Provisions	25.1	33.6	44.2	32.5	28.3	26.6
Current loans	40.1	21.0	34.5	111.0	114.5	118.5
Total current liabilities	411.8	493.7	420.5	487.4	522.6	613.7
Liabilities classified as held for sale	-	-	-	0.2	-	45.6
Total equity and liabilities	1 057.5	1 128.5	1 094.6	1 160.6	1 166.6	1 213.0

Cash flow, EUR million

	2014 4–6	2014 1–3	2013 10–12	2013 7–9	2013 4–6	2013 1–3
Cash flow from operations						
Net profit	16.5	24.6	15.0	18.4	7.4	21.4
Adjustments	18.5	23.4	16.3	22.4	29.1	28.3
Change in net working capital	-18.6	2.7	36.2	7.6	-19.6	-0.2
Cash generated from operations	16.4	50.7	67.5	48.4	16.9	49.5
Net financial expenses paid	-3.1	-0.3	-6.1	-1.1	-1.9	-3.0
Dividends received from investments accounted for using the equity method	-	5.9	-	-	-	7.6
Income taxes paid	3.3	-6.3	-3.9	-6.5	-4.3	-4.1
Net cash flow from operations	16.6	50.0	57.5	40.8	10.7	50.0
Net cash used in investing activities	-11.3	-12.1	-14.4	-12.3	-33.8	-13.7
Net cash used in financing activities	-42.7	-14.4	-80.6	-4.6	40.5	-7.3
Change in cash and cash equivalents	-37.4	23.5	-37.5	23.9	17.4	29.0
Cash and cash equivalents at the beginning of period	136.3	114.1	150.6	126.4	93.1	75.8
Foreign exchange differences	0.7	-1.3	1.0	0.3	2.2	2.0
Assets classified as held for sale	-	-	-	-	13.7	-13.7
Change in cash and cash equivalents	-37.4	23.5	-37.5	23.9	17.4	29.0
Cash and cash equivalents at the end of period	99.6	136.3	114.1	150.6	126.4	93.1

QUARTERLY FIGURES BY SEGMENTS

Customer sales by service line, EUR million

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Managed Services	132	127	129	117	125	120
Consulting and System Integration	97	100	102	92	108	108
Industry Products	97	100	111	91	105	109
Product Development Services	60	60	63	60	79	86
Group total	386	387	405	361	417	424

The comparison figures 2013 have changed from the figures published initially due to adoption of the new IFRS 11, 'Joint arrangements' as of 1 January 2014.

Customer sales by industry group, EUR million

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Financial Services	84	83	89	77	84	80
Manufacturing, Retail and Logistics	78	79	81	70	78	76
Public, Healthcare and Welfare	104	100	105	90	102	107
Telecom, Media and Energy	60	65	68	63	74	74
Product Development Services	60	60	63	60	79	86
Group total	386	387	405	361	417	424

Operating profit (EBIT) by service line, EUR million

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Managed Services	7.6	10.9	0.4	3.7	5.4	0.7
Consulting and System Integration	6.1	11.1	-1.6	4.0	2.8	3.8
Industry Products	15.0	15.5	28.3	19.9	15.4	17.6
Product Development Services	-2.3	1.1	-1.3	3.0	-2.6	9.3
Support Functions and Global Management	-4.8	-4.6	-8.5	-6.3	-6.1	-2.1
Operating profit (EBIT)	21.5	34.0	17.3	24.3	14.8	29.3

Operating margin (EBIT) by service line, %

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Managed Services	5.8	8.5	0.3	3.2	4.3	0.6
Consulting and System Integration	6.3	11.1	-1.6	4.3	2.6	3.5
Industry Products	15.3	15.4	25.5	21.9	14.7	16.1
Product Development Services	-3.8	1.9	-2.0	5.0	-3.4	10.8
Operating margin (EBIT)	5.6	8.8	4.3	6.7	3.5	6.9

Operating profit (EBIT) excl. one-off items by service line, EUR million

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Managed Services	7.6	10.7	9.0	6.0	5.7	0.3
Consulting and System Integration	7.2	11.2	7.7	9.6	9.6	5.1
Industry Products	15.2	15.4	28.5	20.1	16.6	17.6
Product Development Services	3.7	1.6	2.7	4.8	2.0	10.0
Support Functions and Global Management	-3.7	-4.4	-5.8	-3.0	-3.3	-2.0
Operating profit (EBIT)	30.0	34.5	42.0	37.5	30.6	31.0

Operating margin (EBIT) excl. one-off items by service line, %

	2014 4-6	2014 1-3	2013 10-12	2013 7-9	2013 4-6	2013 1-3
Managed Services	5.8	8.4	6.9	5.1	4.6	0.3
Consulting and System Integration	7.4	11.2	7.6	10.4	8.9	4.7
Industry Products	15.6	15.4	25.7	22.1	15.8	16.1
Product Development Services	6.1	2.6	4.2	7.9	2.6	11.6
Operating margin (EBIT)	7.8	8.9	10.4	10.4	7.3	7.3

Major shareholders on 30 June 2014

	Shares	%
1 Cevian Capital *)	11 073 614	15.1
2 Solidium Oy	7 415 418	10.1
3 Silchester International Investors LLP **)	3 666 901	5.0
4 OP-Pohjola Group Central Cooperative	2 232 055	3.0
5 Etera Mutual Pension Insurance Co.	1 898 247	2.6
6 Swedbank Robur fonder	1 573 449	2.1
7 Ilmarinen Mutual Pension Insurance Co.	1 470 871	2.0
8 The State Pension fund	823 000	1.1
9 Varma Mutual Pension Insurance Co.	793 488	1.1
10 Evli funds	744 846	1.0
	31 691 889	43.1
Nominee registered	41 145 026	55.9
Others	733 371	1.0
Total	73 570 286	100.0

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

*) Based on the ownership records of Euroclear Finland Oy, Cevian Capital's holding on 30 April 2014 was 11 073 614 shares, representing 15.1 % of the shares and voting rights.

**) On 17 December 2013, Silchester International Investors LLP announced that its holding in Tieto Corporation was 3 666 901 shares, which represents 5.0% 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, on 18 July at 11.00 am EET (10.00 am CET, 9.00 am UK time). The results will be presented in English by Kimmo Alkio, President and CEO, and Lasse Heinonen, CFO.

The conference will be [webcasted](#) and can be viewed live on [Tieto's website](#). As from the second-quarter conference, Tieto provides only Adobe Flash -based webcast. To join the conference, attendees need Adobe Flash plugin version 10.1.0 or newer. In order to ensure access, attendees are requested to [test](#) compatibility beforehand. In case problems exist, please contact tieto@reloadmedia.fi.

The meeting participants can also join a telephone conference that will be held at the same time. The telephone conference details can be found below.

Telephone conference numbers:

Finland: +358 (0)9 6937 9543

Sweden: +46 (0)8 5033 6539

UK: +44 (0)20 3427 0503

US: +1212 444 0895

Conference code: 7353033

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the press and analyst conference. An on-demand video will be available after the conference.

Tieto publishes financial information in English, Finnish and Swedish. The full interim report with tables is available only in English and Finnish.

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Founded 1968, headquartered in Helsinki, Finland and with approximately 14 000 experts, the company operates in over 20 countries with net sales of approximately EUR 1.6 billion. Tieto's shares are listed on NASDAQ OMX in Helsinki and Stockholm. Please visit www.tieto.com for more information.

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