TIETO's interim report 1/2012 (January–March) – First-quarter performance according to plan, new strategy launched and well received

January–March highlights

- Net sales totalled EUR 467.1 (461.6) million, an increase of 1%.
- Order intake at EUR 468 (596) million. Order backlog at EUR 1 719 (1 708) million at the end of the period.
- Operating profit (EBIT) amounted to EUR 41.7 (23.6) million, including capital gains of EUR 15.4 million. Operating margin stood at 8.9% (5.1).
- Operating profit excluding one-off items stood at EUR 28.0 (23.9) million, representing an operating margin of 6.0% (5.2).
- Profit after taxes was EUR 32.0 (13.5) million.
- Net cash flow from operations amounted to EUR 69.3 (38.8) million.
- New strategy for 2012–2016 launched. Personnel negotiations proceeded according to the plan. The profitability improvement starts to materialize towards the end of 2012.

Full-year outlook for 2012 unchanged – second-quarter results assume restructuring costs

The full-year outlook for 2012 remains unchanged. Tieto expects its net sales to develop in line with the anticipated growth rate for the Western European IT services market, i.e. 0–2%. Full-year operating profit (EBIT) excluding one-off items is expected to be above the previous year's level (EUR 117.1 million in 2011).

The second quarter will be strained by anticipated one-off costs of around EUR 30 million. These costs are part of the total streamlining costs of EUR 50 million announced in connection with the strategy launch. Additionally, existing idle capacity of the company is expected to burden second-quarter performance. The profitability improvement attributable to the ongoing streamlining actions starts to materialize towards the end of 2012.

	Q1/2012	Q1/2011
Net sales, EUR million	**467.1**	461.6
Change in net sales, %	**1**	9
Operating profit (EBITA), EUR million	**43.2**	25.5
Operating margin (EBITA), %	**9.3**	5.5
Operating profit (EBIT), EUR million	**41.7**	23.6
Operating margin (EBIT), %	**8.9**	5.1
Operating profit (EBIT) excl. one-off items, EUR million	**28.0**	23.9
Operating margin (EBIT) excl. one-off items, %	**6.0**	5.2
Profit after taxes, EUR million	**32.0**	13.5
Net cash flow from operations, EUR million	**69.3**	38.8
EPS, EUR	**0.45**	0.19
Return on equity, 12-month rolling, %	**14.7**	9.9
Return on capital employed, 12-month rolling, %	**20.8**	16.1
Investments, EUR million	**14.4**	65.3
Interest-bearing net debt, EUR million	**11.7**	76.2
Gearing, %	**2.1**	14.6
Net debt/EBITDA	**0.1**	0.5
Personnel on 31 March	**18 121**	18 136

Kimmo Alkio, President and CEO:
“The first-quarter performance was well in line with our short-term plans and this has given us a good start for the year. Our operating profit was boosted by a capital gain related to the divestment of financial services products business in the UK, while the underlying profitability also improved from the previous year.

We are placing extensive emphasis on implementing our operational priorities for 2012. Quality consistency is our number one priority across all services. I’m pleased to see initial signs of improving visibility to our customers service experience across Tieto. Importantly, we have also initiated customer specific innovation forums in our core markets to drive new services and user experiences – such as new consumer applications across numerous industries.

Our recently launched strategy plays an important role in setting new direction for the company. The choices in our strategy provide for inspiring opportunities in our chosen industries and markets. In the initial stages of implementation we are naturally challenged with the restructuring activities taking place during 2012.

Based on positive customer and employee feedback on the renewed direction, we are confident to begin the strategy implementation. Our expanded service offering and sharpened geographical focus coupled with the cost competitiveness programme are anticipated to improve operating profit as from the second half of 2012.”

MARKET DEVELOPMENT
The macroeconomic outlook in Northern Europe and the IT services market in Tieto’s core countries have remained relatively stable. Industry analysts estimate that the IT services market in Western Europe will grow by 0–2% in 2012, with growth mainly coming from IT outsourcing.

The recent increase in spending in software gives an indication of stabilizing business conditions for the IT services sector later in 2012. New development projects focus on enhanced customer service and better management of sales channels. Growing use of IT is currently driven by cloud computing and new ways of consuming IT via mobile devices and applications as customers are transforming their businesses operations by adopting digitalized processes and mobile environments.

Companies are actively developing their ICT infrastructure and application environments. Applications and ICT infrastructure are increasingly moving towards web-based scalable delivery models. Many businesses are taking a hybrid approach to cloud services, i.e. combining cloud services with a variety of legacy systems that continue to support mission-critical processes. As reducing the cost of IT is still on customers’ agendas, the outsourcing of ICT infrastructure, application management and business processes is expected to remain the strongest area.

Nordic customers have become more receptive to the use of offshore resources due to the pressure to cut costs. Since local European IT service providers still enjoy the benefits of having greater customer closeness as well as language and cultural affinity, their volumes are expected to see further growth. However, offshore competition has led to continued price pressure in basic services, keeping margins at a low level. Prices of high value added services are stable or slightly rising. As a result, IT service vendors are seeking to improve margins by increasing offshoring, industrializing their service provision and selling more high value added services.

Business intelligence, unified communications and both cloud and mobility solutions are key themes driving demand for IT services. In the manufacturing sector, demand is expected to grow, although at a slower pace than in 2011. Demand is based on the need to cut costs and improve business processes and service deliveries. In the healthcare sector, there is a need to renew service production models to reconcile increasing service demand with the declining workforce but at the same time, some projects might be postponed due to budget cuts in the public sector. The Norwegian energy sector is strong due to the start of the procurement process for advanced metering infrastructure.

In the finance sector, customers are still cautious and focusing only on their ongoing and most important projects and tend to revamp existing applications instead of replacing them. On the other hand, the need to cut spending and to harmonize existing IT systems maintains high interest in outsourcing. Growth in this sector is also driven by the need for regulatory compliance and transparency across processes as well as the launch of new services supporting digital customership.

The telecom R&D market is affected by R&D budget cuts made by some vendors. The market for mobile devices is turbulent due to fierce competition between device manufacturers seeking to gain market share and launch attractive new products with the latest technology platforms. In the network equipment manufacturers segment, the main driver is the increase in wireless traffic. However, as there is strong cost pressure from Asian competitors, innovativeness and productivity combined with cost efficiency have remained two of the key drivers for telecom R&D. Some R&D service providers are currently pricing their services aggressively to defend their position.

In **Finland and the Baltic countries**, the IT services market is stable. The Finnish IT services market is expected to grow by around 2% in 2012. In the public sector, the expected decrease in IT spending has not materialized, but the market outlook for 2012 is positive as productivity improvements will be sought from ICT development and outsourcing. The demand in the healthcare sector has remained at a healthy level as well.

In **Scandinavia**, growth of the Swedish IT market is estimated to slow down to less than 2% in 2012, mainly due to cost cutting and prolonged decision-making. Healthy demand for IT services is expected to continue in the public and energy sectors. Within some specialist areas, there are shortages of key competences. Fierce competition puts pressure on prices in basic services, particularly in large centralized procurement processes. In Norway, the IT market has remained active, fuelled by the energy sector in which advanced metering infrastructure is the growth driver. The Danish market is expected to remain weak.

In **Central Europe & Russia**, the outlook for 2012 is uncertain and tends to differ from country to country. In Germany, growth in demand is anticipated to be in line with the Western European IT services market. In Poland and Russia, the market is expected to grow by 4–5% during 2012.

COMPANY STRATEGY

In March, Tieto revised its strategy for 2012–2016. The company will build its competitiveness and future growth through industry expertise, geographical focus and simplified operations.

Tieto will expand its capabilities to cover full IT lifecycle services by investing in Consulting and System Integration (CSI). The company aims to increase the share of CSI revenue from the current level of less than 20% to over 25% of total revenues towards the end of the strategy period. In March, Tieto appointed Henrik Sund as the head of the CSI business.

Within the current core market, the Nordic countries, expansion builds on the company’s strong position in Finland and Sweden. The company has decided to revisit its expansion strategy outside the current core market. Tieto seeks to continue operations in countries or expand to markets where the company has the potential to be among the Top 3 vendors, has the ability to provide full IT lifecycle services and sees a strong fit with its industry offerings. Countries where the long-term outlook for EBIT is less than the company’s 10% target will be optimized for profitability and evaluated for potential exit. During the first quarter, Tieto agreed to divest its financial services products business based in the UK and its Danish unions business. Product Engineering Services (PES) will pursue global opportunities.

COMPETITIVE COST STRUCTURE
In order to improve profitability and price competitiveness, Tieto will drive actions to simplify its operations and achieve a competitive cost structure with a view to achieving annualized net savings of EUR 50 million by 2014.

Improving price competitiveness requires reduction of overhead costs and increased productivity across the company. Tieto has started Group-wide actions to reduce non-customer-centric work, cut overlapping tasks and improve productivity. Additionally, the utilization rate is at an unsatisfactory level in some businesses. The personnel negotiations are expected to lead to a reduction of about 1 300 employees of which close to 500 in Finland, close to 300 in Sweden and around 500 in other countries.

Personnel negotiations are proceeding according to the plan. The reduction of overhead costs is anticipated to account for close to half of the targeted net savings and the planned redundancies in businesses with a low utilization rate for slightly over half. Redundancies will mainly be implemented during 2012 and around one fourth of the targeted savings are anticipated to materialize towards the end of 2012. The full-year operating profit for 2014 is expected to see the full effect of the actions.

One-off costs related to the planned streamlining actions are estimated at around EUR 50 million. The total amount will be specified during the negotiations. Tieto estimates that it will book around EUR 30 million of the costs during the second quarter, and the remaining part of around EUR 20 million during the second half of the year. The costs will be booked in personnel costs and the cash flow effect is expected to materialize mainly in the second half of 2012.

The one-off costs are partly offset by capital gains of EUR 15.4 million related to the divestment of the financial services products business in the UK, which Tieto booked in the first-quarter results.

ORDER BACKLOG
The order backlog, which only comprises services ordered with binding contracts, is solid. At the end of the period, the backlog amounted to EUR 1 719 (1 708) million. In total, 50% (47) of the backlog is expected to be invoiced during 2012. First-quarter book-to-bill stood at 1.0.

FINANCIAL PERFORMANCE IN JANUARY–MARCH
First-quarter net sales rose by 1% and amounted to EUR 467.1 (461.6) million, mainly driven by good growth in the Finland and the Baltic countries segment. Also net sales in Central Europe and Russia experienced healthy growth. Currency fluctuations did not have any material impact on growth. Sales growth was curbed by negative development in telecom R&D.

First-quarter operating profit (EBIT) amounted to EUR 41.7 (23.6) million, representing a margin of 8.9% (5.1). Operating profit includes EUR 15.4 million in capital gains related to the divestment of the financial services products business in the UK. Additionally, Tieto booked EUR 0.5 million in impairment related to the divestment of the Danish unions business and EUR 1.2 (0.3) million in one-off costs, mainly related to the personnel negotiations initiated in the Product Engineering Solutions business line in February. Operating profit excluding one-off items stood at EUR 28.0 (23.9) million, or 6.0% (5.2) of net sales.

The profitability improvement of the underlying business (operating profit excl. one-off items) was supported by the positive impact of offshoring. The external purchases, including subcontracting, decreased by around EUR 4 million. On the other hand, improvement was curbed by rising personnel expenses. Personnel expenses excluding restructuring costs rose by 3%, mainly due to salary increases and bonus accruals. Additionally, weak demand in telecom R&D had a negative impact on the utilization rate in Product Engineering Solutions. This development is expected to continue through the second quarter.

Depreciation amounted to EUR 20.7 (22.9) million. The decrease in depreciation is mainly due to accelerated depreciation of capitalized leased assets during the first quarter. Net financial expenses stood at EUR 2.1 (2.0) million in the first quarter. Net interest expenses were EUR 1.4 (0.9) million and net losses from foreign exchange transactions EUR 0.5 (0.9) million. Other financial income and expenses amounted to EUR 0.2 (0.2) million.

First-quarter earnings per share (EPS) totalled EUR 0.45 (0.19).

Financial performance by market unit

	Net sales Q1/2012, EUR million	Net sales Q1/2011, EUR million	Change, %	**Operating margin Q1/2012, %**	Operating margin Q1/2011, %
Finland and the Baltic countries	**193**	184	5	**9.0**	7.3
Scandinavia	**141**	141	0	**3.9**	3.7
Central Europe & Russia	**34**	31	7	**-12.5**	-15.9
Global Accounts	**175**	190	-8	**17.3**	8.1
Group elimination	**-75**	-85			
Total	**467**	462	1	**9.0**	5.1

Quarterly operating profit excluding one-off items by segment is presented in the tables section at the end of this report.

In **Finland and the Baltic countries**, all customer sectors saw growth and net sales rose by 5%. The healthcare and welfare sector, which enjoyed good development in industry-specialized solutions, saw strong growth, as did the retail and industrial manufacturing sectors and the telecom operators segment. Development in the public sector remained positive despite the earlier expectations of a fading outlook. First-quarter operating profit amounted to EUR 17.3 (13.4) million, or 9.0% (7.3) of net sales. Profitability improved due to higher net sales coupled with improved productivity.

In **Scandinavia**, net sales remained at the previous year's level. Good performance in Norway continued, especially in the energy sector, but sales in the retail and public sectors in Sweden also continued to grow. Sales to the Swedish media sector saw good growth, mainly due to the large agreement concluded in the fourth quarter. Operating profit amounted to EUR 5.5 (5.2) million, or 3.9% (3.7) of net sales. Operating profit included EUR 0.5 million in impairment related to the divestment of the Danish unions business and EUR 0.2 million in one-off costs. Operating profit excluding one-off items stood at EUR 6.2 (5.2) million, or 4.4% (3.7) of net sales.

Tieto booked costs and provisions related to the data centre incident in Sweden in its fourth-quarter business expenses. The final outcome is subject to the completion of negotiations between Tieto and its customers, suppliers and insurance providers. By the end of the first quarter, expenses related to the service break have been in line with the provisions made. No new provisions were booked during the first quarter.

In **Central Europe & Russia**, net sales grew by 7%. The market unit concluded several agreements with new customers, mainly in Germany, Holland and Poland. Operating profit amounted to EUR -4.2 (-5.0) million, or -12.5% (-15.9) of net sales. Profitability in Germany and Russia remained unsatisfactory. To address weak performance, Tieto is reviewing the scope of operations in these countries as part of the ongoing streamlining actions. In Russia, a profit improvement programme is ongoing.

In **Global Accounts**, net sales declined by 8%. The strategy realignment of one key telecom customer has led to lower volumes in R&D services for mobile devices. Additionally, net sales are strained by price erosion and cost-savings actions launched by some large customers. First-quarter operating profit amounted to EUR 30.2 (15.4) million, or 17.3% (8.1) of net sales. Operating profit includes EUR 15.4 million in capital gains related to the divestment of the financial services products business in the UK and EUR 0.8 million in one-off costs. Operating profit excluding one-off items remained at the previous year's level and amounted to EUR 15.6 (15.4) million, or 8.9% (8.1) of net sales.

The Global Accounts segment includes approximately 20 accounts, sales offices in Italy, Spain, the UK and the USA/Canada as well as the offshore countries China, the Czech Republic and India.

Customer sales by business line

The comparison figures for 2011 have changed from the figures published for 2011 due to the transfer of businesses between the business lines at the beginning of 2012.

	Customer sales Q1/2012, EUR million	Customer sales Q1/2011, EUR million	Change, %
Industry Solutions	**143**	130	10
Enterprise Solutions	**72**	67	7
Managed Services and Transformation	**172**	172	0
Product Engineering Solutions	**81**	92	-12
Total	**467**	462	1

In **Industry Solutions**, demand for product-based solutions and consulting remained solid and growth continued at a healthy level. Growth was strongest in the healthcare and welfare sector. The energy sector continued to grow as well, boosted by good demand for Tieto's solution for hydrocarbon management in the oil & gas segment and for the solution for advanced metering in the utilities segment. Profitability improved from the corresponding quarter of 2011.

In **Enterprise Solutions**, demand remained strong. Digitalization of business processes and the need to develop cost-efficient ways to interact with customers are two of the key growth drivers. This trend is particularly visible in the public sector in Finland and Sweden. Order intake was also strong in the SAP area in Finland. Profitability remained at a satisfactory level.

In **Managed Services and Transformation**, customer sales remained at the previous year's level in spite of price competition. Finland was the strongest performing market. Thanks to higher productivity and lower quality costs, first-quarter operating profit improved from the corresponding quarter of 2011.

In **Product Engineering Solutions**, sales were down, mainly due to the strategy realignment of one key customer in the mobile device manufacturers' segment. Sales to the network equipment manufacturers' segment were also down due to the downscaling of operations in Germany. However, the company has recently won important Android cases that are expected to enhance its position in Android and embedded Linux ecosystems. Profitability weakened in the first quarter.

CASH FLOW AND FINANCING

First-quarter net cash flow from operations, including the decrease of EUR 16.6 (0.2) million in net working capital, amounted to EUR 69.3 million (38.8).

Tax payments were EUR 6.4 million positive due to a refund in Finland (negative 7.9 million).

Payments for acquisitions totalled EUR 0.3 (0.5) million and divestments amounted to EUR 17.7 (0.0) million.

The equity ratio was 44.7% (43.3). Gearing decreased to 2.1% (14.6). Net debt totalled EUR 11.7 (76.2) million, including EUR 173.2 million in interest-bearing debt, EUR 6.2 million in finance lease liabilities, EUR 4.8 million in finance lease receivables and EUR 162.9 million in cash and cash equivalents.

The interest-bearing long-term debt includes a EUR 100 million bond, maturing in December 2013. The syndicated revolving credit facility of EUR 100 million maturing in May 2016 was not in use and there were no commercial papers issued under the EUR 250 million commercial paper programme at the end of March. The bond of EUR 50 million (private placement) will mature in July 2012 and it is reported as a short-term interest-bearing liability. Other long-term interest-bearing loans of EUR 10.2 million and short-term interest-bearing loans of EUR 13.1 million were mainly related to an agreement for mainframes and software.

INVESTMENTS

First-quarter investments totalled EUR 14.4 (65.3) million. Capital expenditure accounted for EUR 14.2 (65.3) million. Investments in shares in the first quarter were EUR 0.2 million.

BUSINESS TRANSACTIONS AND MAJOR AGREEMENTS IN JANUARY–MARCH

In February, Tieto agreed to sell its financial services products business based in the UK to Sopra Group, a leading global technical consulting company. Net sales of the divested business amounted to EUR 22 million in 2011. Tieto has booked capital gains of EUR 15.4 million in its first-quarter results.

In March, Tieto agreed to divest its Danish unions business to Netcompany, a leading IT solutions and consulting company in Denmark. In 2011, net sales of the divested business amounted to EUR 5.4 million. The divestment does not have any material financial impact on Tieto. At the end of 2011, the total number of personnel in Denmark was around 130, of which the Danish unions business currently employs 36 people.

In January, Helsinki Region Transport (HSL/HRT) selected Tieto as the supplier of its new ticket and information system. The contract, expected to be signed later during 2012, covers the delivery of the ticket and information system as well as support and maintenance services for a period of five years. The total contract value including the delivery and five years of support and maintenance is approximately EUR 90 million. The contract is not included in the quarter-end order backlog.

In March, Tieto and Nokia Siemens Networks signed an agreement on the outsourcing of part of the maintenance, technical support and R&D for Nokia Siemens Networks’ mobile network Operations Support System (OSS) and Subscriber Data Management (SDM) activities in Finland. As part of the outsourcing, approximately 240 employees who are working primarily in R&D in Tampere and Espoo will also transfer to Tieto as existing employees.

Additionally, Tieto signed several midsized and smaller agreements during January–March. For example, the company concluded agreements with Ilmarinen (IT development project), Sodexo (renewal of ICT Infrastrucuture services), WIPAK (SAP project), Statens Servicecenter (ICT infrastructure services), Asfinag (SAP consulting), Continental (R&D services) and Telefonica (technology consulting).

PERSONNEL

The number of full-time employees amounted to 18 121 (18 136) at the end of March. Tieto has actively been increasing its resources in global delivery centres. At the end of March, the number of full-time employees in the global delivery centres totalled 7 377 (6 862), or 41% (38) of personnel. Global operations have grown fast, especially in China and Poland. In onshore locations, the number of personnel has decreased by more than 500 year-on-year.

The 12-month rolling employee turnover stood at 12.0% (10.0%) at the end of March. The average number of full-time employees was 18 139 (18 098) in the first quarter.

Due to rising attrition rates, salary inflation is expected to rise. Emerging focus markets like India, China and Russia may see double-digit salary hikes. At the group level, salary inflation is expected to be around 3% on average.

ANNUAL GENERAL MEETING

The Annual General Meeting approved the financial statements for 2011, decided to distribute a dividend of EUR 0.75 per share and discharged the company's officers from liability for the financial year 2011.

The meeting re-elected the Board's current members Kurt Jofs, Eva Lindqvist, Risto Perttunen, Markku Pohjola and Teuvo Salminen. In addition, Sari Pajari, Ilkka Sihvo and Jonas Synnergren were elected as new Board members.

In addition, the company's personnel appoints two members, each with a personal deputy, to the Board of Directors. The term of office for the personnel representatives is two years. Anders Eriksson (deputy Ingela Öhlund) and Jari Länsivuori (deputy Esa Koskinen) have been appointed to the Board until the Annual General Meeting 2014.

The meeting re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor for the financial year 2012.

The Board of Directors was authorized to decide on the repurchase of the company's own shares. The amount of own shares to be repurchased shall not exceed 7 200 000 shares, which currently corresponds to approximately 10% of all the shares in the company.

The Board of Directors was also authorized to decide on the issuance of shares as well as on the issuance of option rights and other special rights entitling to shares as referred to in Chapter 10, Section 1 of the Companies Act. The amount of shares to be issued based on the authorization, including shares to be issued based on the special rights, shall not exceed 7 200 000 shares, which currently corresponds to approximately 10% of all the shares in the company. However, out of the maximum amount of shares above to be issued, no more than 2 000 000 shares, currently corresponding to approximately 2.8% of the shares in the company, may be issued as part of the company’s share-based incentive programmes.

BOARD OF DIRECTORS AND MANAGEMENT

In February, Katariina Kravi was appointed Executive Vice President, Human Resources and member of Tieto's Leadership Team as of 1 April 2012. Kravi joined Tieto from Nokia, where she had been working in various HR positions since 1996. In March, Tieto appointed Henrik Sund as Executive Vice President, Consulting and System Integration. Sund joined Tieto on 23 April 2012. Both executives report to the President and CEO.

SHARES AND SHARE-BASED INCENTIVES

Tieto Corporation’s issued and registered share capital on 31 December 2011 totalled EUR 75 841 523 and the number of shares was 72 023 173.

At the end of 2011, the number of shares in the company’s possession totalled 553 700, representing 0.8% of the total number of shares and voting rights. The number of outstanding shares, excluding the treasury shares, was 71 469 473. There were no changes in the number of shares in the company’s possession during 2011.

In March, the Board of Directors nominated the 155 participants for the Long-Term Incentive Programme 2012–2014 announced in December 2011. The programme is based on EPS (Earnings per Share) growth and TSR (Total Shareholder Return) measurement. The programme is part of the remuneration and commitment of Tieto's key personnel, including the President and CEO, the Leadership Team and the Extended Leadership Team.

Tieto's share price rose by 28% during January–March and the total shareholder return totalled 35%.

EVENTS AFTER THE PERIOD

A total of 33 150 new Tieto shares were subscribed for with the company's stock options 2006C, and a total of 27 425 shares with the stock options 2009A. The shares subscribed for were registered in the Trade Register on 5 April 2012. As a result of the share subscriptions, the number of Tieto Corporation shares has increased to 72 083 748 and the share capital has increased to EUR 75 874 673.

NEAR-TERM RISKS AND UNCERTAINTIES

The slowdown of European economies might lead to a downturn in the IT services market as well.

In the telecom R&D, demand is relatively weak due to budget cuts made by some of Tieto's key customers. The challenging business environment in this area might have a negative impact on the company in the near term.

The ongoing transformation of the IT sector towards offshore production as well as the planned organizational changes and restructuring within the company might create uncertainty among the company's personnel and pose risks related to the company's performance.

Price pressure might lead to weak profitability for IT service companies. However, Tieto assumes that the initiated efficiency and streamlining measures as well as Tieto's increased offshoring will continue to yield results.

Typical risks faced by the IT service industry involve 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.

In some specialist areas, especially in Asia, there is a lack of resources and rising attrition. Therefore, the rise in personnel expenses might be higher than anticipated. In Asia, salaries are on the rise, in some areas even at a double-digit rate.

The data centre incident in Sweden is not yet settled and the final outcome is still subject to the completion of negotiations between Tieto and its customers, suppliers and insurance providers. The company has booked costs and provisions related to the incident according to its best estimates in its fourth-quarter results.

FULL-YEAR OUTLOOK FOR 2012 UNCHANGED – SECOND-QUARTER RESULTS ASSUME RESTRUCTURING COSTS

The full-year outlook for 2012 remains unchanged. Tieto expects its net sales to develop in line with the anticipated growth rate for the Western European IT services market, i.e. 0–2%. Full-year operating profit (EBIT) excluding one-off items is expected to be above the previous year's level (EUR 117.1 million in 2011).

The second quarter will be strained by anticipated one-off costs of around EUR 30 million. These costs are part of the total streamlining costs of EUR 50 million announced in connection with the strategy launch. Additionally, existing idle capacity of the company is expected to burden second-quarter performance. The profitability improvement attributable to the ongoing streamlining actions starts to materialize towards the end of 2012.

Auditing
The figures in this report are unaudited.

Financial calendar 2012

20 July	Interim report 2/2012 (8.00 am EET)
23 October	Interim report 3/2012 (8.00 am EET)

Accounting policies in 2012
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 2011. The accounting policies, standards, interpretations and amendments taken into use in 2012 are described in the annual financial statements. The effects of the changes are immaterial.

Key figures

	2012 1-3	2011 1-3	2011 1-12
Earnings per share, EUR			
- basic	**0.45**	0.19	0.84
- diluted	**0.45**	0.19	0.84
Equity per share, EUR	**7.69**	7.28	7.90
Return on equity rolling 12 month, %	**14.7**	9.9	10.7
Return on capital employed rolling 12 month, %	**20.8**	16.1	18.3
Equity ratio, %	**44.7**	43.3	46.4
Net interest-bearing liabilities, EUR million	**11.7**	76.2	82.7
Gearing, %	**2.1**	14.6	14.6
Investments, EUR million	**14.4**	65.3	103.6

Number of shares

	2012 1-3	2011 1-3	2011 1-12
Outstanding shares, end of period			
Basic	**71 469 473**	71 469 473	71 469 473
Diluted	**71 873 088**	71 628 528	71 656 129
Outstanding shares, average			
Basic	**71 469 473**	71 469 473	71 469 473
Diluted	**71 873 088**	71 628 528	71 656 129
Company's possession of its own shares			
End of period	**553 700**	553 700	553 700
Average	**553 700**	553 700	553 700

Income statement, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Net sales	**467.1**	461.6	1	1 828.1
Other operating income	**17.0**	1.7	900	9.0
Employee benefit expenses	**274.7**	265.3	4	1 028.7
Depreciation, amortization and impairment charges	**21.2**	22.9	-7	96.5
Other operating expenses	**146.5**	151.5	-3	613.8
Operating profit (EBIT)	**41.7**	23.6	77	98.1
Interest and other financial income	**2.8**	0.5	460	9.9
Interest and other financial expenses	**-4.4**	-1.6	175	-17.1
Net exchange losses/gains	**-0.5**	-0.9	-44	0.4
Profit before taxes	**39.6**	21.6	83	91.3
Income taxes	**-7.6**	-8.1	-6	-31.4
Net profit for the period	**32.0**	13.5	137	59.9
Net profit for the period attributable to				
Shareholders of the Parent company	**32.0**	13.5	137	59.9
Non-controlling interest	**0.0**	0.0	-	0.0
	32.0	13.5	137	59.9

Earnings per share attributable to the shareholders of the Parent company, EUR

Basic	**0.45**	0.19	137	0.84
Diluted	**0.45**	0.19	137	0.84

Statement of comprehensive income, EUR million

Net profit for the period	**32.0**	13.5	137	59.9
Translation difference from net investment in subsidiaries (net of tax)	**1.3**	0.6	117	1.0
Translation differences	**2.2**	-3.1	-	-4.9
Cash flow hedges	**1.6**	0.6	167	-1.7
Total comprehensive income	**37.1**	11.6	220	54.3
Total comprehensive income attributable to				
Shareholders of the Parent company	**37.1**	11.6	220	54.3
Non-controlling interest	**0.0**	0.0	-	0.0
	37.1	11.6	220	54.3

Balance sheet, EUR million

	2012 31 Mar	2011 31 Mar	Change %	2011 31 Dec
Goodwill	**415.3**	421.3	-1	413.2
Other intangible assets	**72.4**	93.4	-22	77.1
Property, plant and equipment	**101.8**	119.5	-15	103.2
Deferred tax assets	**44.8**	60.6	-26	49.4
Finance lease receivables	**3.2**	6.0	-47	3.4
Available-for-sale financial assets	**0.7**	0.8	-13	0.8
Total non-current assets	***638.2***	*701.6*	-9	*647.1*
Trade and other receivables	**470.3**	474.3	-1	469.6
Pension benefit assets	**10.0**	6.3	59	9.5
Finance lease receivables	**1.6**	3.2	-50	1.7
Current income tax receivables	**8.3**	10.9	-24	14.8
Cash and cash equivalents	**162.9**	113.4	44	95.8
Total current assets	***653.1***	*608.1*	*7*	*591.4*
Assets classified as held for sale	**25.6**	-	-	41.4
Total assets	**1 316.9**	1 309.7	1	1 279.9
Share capital, share issue premiums and other reserves	**115.4**	114.7	1	114.8
Retained earnings	**434.1**	405.5	7	449.8
Parent shareholders' equity	***549.5***	*520.2*	*6*	*564.6*
Non-controlling interest	**0.2**	0.1	100	0.2
Total equity	***549.7***	*520.3*	*6*	*564.8*
Loans	**114.3**	185.6	-38	117.9
Deferred tax liabilities	**39.0**	38.5	1	37.9
Provisions	**7.0**	2.4	192	7.0
Pension obligations	**23.3**	20.8	12	23.4
Other non-current liabilities	**4.7**	5.0	-6	4.9
Total non-current liabilities	***188.3***	*252.3*	*-25*	*191.1*
Trade and other payables	**466.5**	473.8	-2	390.4
Current income tax liabilities	**11.2**	12.5	-10	9.2
Provisions	**19.6**	37.7	-48	30.1
Loans	**65.1**	13.1	397	65.7
Total current liabilities	***562.4***	*537.1*	*5*	*495.4*
Liabilities classified as held for sale	**16.5**	-	-	28.6
Total equity and liabilities	**1 316.9**	1 309.7	1	1 279.9

Net working capital in the balance sheet, EUR million

	2012 31 Mar	2011 31 Mar	Change %	2011 31 Dec
Accounts receivable	**335.4**	345.8	-3	354.7
Other working capital receivables	**129.7**	133.5	-3	121.3
Working capital receivables included in assets	**465.1**	479.3	-3	476.0
Operative accruals	**170.7**	180.6	-5	155.1
Other working capital liabilities	**241.0**	243.8	-1	236.1
Pension obligations and provisions	**49.8**	60.9	-18	60.5
Working capital liabilities included in current liabilities	**461.5**	485.3	-5	451.7
Net working capital in the balance sheet	**3.6**	-6.0	-160	24.3

Cash flow, EUR million

	2012 1-3	2011 1-3	2011 1-12
Cash flow from operations			
Net profit	**32.0**	13.5	59.9
Adjustments			
Depreciation, amortization and impairment charges	**21.2**	22.9	96.5
Share-based payments	**0.8**	1.2	2.9
Profit/loss on sale of fixed assets and shares	**-15.4**	0.1	1.1
Other adjustments	**-0.7**	1.2	1.9
Net financial expenses	**2.1**	2.0	6.8
Income taxes	**7.6**	8.1	31.4
Change in net working capital	**16.6**	0.2	-42.1
Cash generated from operations	**64.2**	49.2	158.4
Net financial expenses paid	**-1.3**	-2.5	-7.9
Income taxes paid	**6.4**	-7.9	-27.3
Net cash flow from operations	**69.3**	38.8	123.2
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	**-0.3**	-0.5	-0.5
Capital expenditures	**-14.2**	-17.0	-56.1
Disposal of Group companies and business operations, net of cash disposed	**17.7**	-	0.0
Sales of fixed assets	**0.0**	0.4	0.1
Change in loan receivables	**0.3**	-2.7	1.4
Net cash used in investing activities	**3.5**	-19.8	-55.1
Cash flow from financing activities			
Dividends paid	**-**	-	-50.0
Payments of finance lease liabilities	**-0.6**	-1.4	-5.8
Change in interest-bearing liabilities	**-3.6**	-4.4	-13.4
Net cash used in financing activities	**-4.2**	-5.8	-69.2
Change in cash and cash equivalents	**68.6**	13.2	-1.1
Cash and cash equivalents at the beginning of period	**95.8**	98.0	98.0
Foreign exchange differences	**0.0**	2.2	0.4
Assets classified as held for sale	**-1.5**	-	-1.5
Change in cash and cash equivalents	**68.6**	13.2	-1.1
Cash and cash equivalents at the end of period	**162.9**	113.4	95.8

Statement of changes in shareholders' equity, EUR million

	Parent shareholders' equity							Non-controlling interest	Total equity
	Share capital	Share issue premiums and other reserves	Own shares	Translation differencies	Cash flow hedges	Retained earnings	Total		
At 31 Dec 2010	**75.8**	**38.8**	**-11.6**	**21.5**	**-0.1**	**433.0**	**557.4**	**0.1**	**557.5**
Comprehensive income									
Net profit for the period						13.5	13.5	0.0	13.5
Other comprehensive income									
Translation difference from net investment in subsidiaries (net of tax)						0.6	0.6		0.6
Translation difference		0.1		-0.7		-2.5	-3.1		-3.1
Cash flow hedges					0.6		0.6		0.6
Total comprehensive income		**0.1**		**-0.7**	**0.6**	**11.6**	**11.6**	**0.0**	**11.6**
Transactions with owners									
Share-based payments recognized against equity						1.2	1.2		1.2
Dividend						-50.0	-50.0		-50.0
Non-controlling interest								0.0	0.0
Total transactions with owners		**0.0**	**0.0**			**-48.8**	**-48.8**	**0.0**	**-48.8**
At 31 Mar 2011	**75.8**	**38.9**	**-11.6**	**20.8**	**0.5**	**395.8**	**520.2**	**0.1**	**520.3**

	Parent shareholders' equity							Non-controlling interest	Total equity
	Share capital	Share issue premiums and other reserves	Own shares	Translation differencies	Cash flow hedges	Retained earnings	Total		
At 31 Dec 2011	**75.8**	**39.0**	**-11.6**	**19.6**	**-1.8**	**443.6**	**564.6**	**0.2**	**564.8**
Comprehensive income									
Net profit for the period						32.0	32.0	0.0	32.0
Other comprehensive income									
Translation difference from net investment in subsidiaries (net of tax)						1.3	1.3		1.3
Translation difference		0.2		4.7		-2.7	2.2		2.2
Cash flow hedges					1.6		1.6		1.6
Total comprehensive income		**0.2**		**4.7**	**1.6**	**30.6**	**37.1**	**0.0**	**37.1**
Transactions with owners									
Share-based payments recognized against equity						0.8	0.8		0.8
Dividend						-53.6	-53.6		-53.6
Share subscriptions based on stock options		0.4				0.2	0.6		0.6
Non-controlling interest									0.0
Total transactions with owners		**0.4**	**0.0**			**-52.6**	**-52.2**	**0.0**	**-52.2**
At 31 Mar 2012	**75.8**	**39.6**	**-11.6**	**24.3**	**-0.2**	**421.6**	**549.5**	**0.2**	**549.7**

Net sales by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**193**	184	5	733
Scandinavia	**141**	141	0	548
Central Europe & Russia	**34**	31	7	131
Global Accounts	**175**	190	-8	729
Group elimination	**-75**	-85	-12	-313
Group total	**467**	462	1	1 828

Customer sales by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**169**	156	8	629
Scandinavia	**121**	119	1	467
Central Europe & Russia	**29**	25	17	102
Global Accounts	**148**	161	-8	629
Group total	**467**	462	1	1 828

Internal sales by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**23**	28	-16	104
Scandinavia	**20**	22	-11	80
Central Europe & Russia	**5**	7	-29	29
Global Accounts	**27**	29	-8	100
Group total	**75**	85	-12	313

Sales between segments are carried out at arm's length.

Net sales by country, EUR million

	2012 1-3	Change %	Share %	2011 1-3	Share %	2011 1-12
Finland	**211**	0	45	210	46	823
Sweden	**145**	1	31	144	31	565
Other	**111**	3	24	107	23	440
Group total	**467**	1	100	462	100	1 828

Customer sales by business line, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Industry Solutions	**143**	130	10	529
Enterprise Solutions	**72**	67	7	274
Managed Services and Transformation	**172**	172	0	674
Product Engineering Solutions	**81**	92	-12	352
Group total	**467**	462	1	1 828

The comparison figures for 2011 have changed due to transfer of businesses between the business lines in the beginning of 2012.

Net sales by customer sector, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Telecom	**145**	147	-2	579
Finance	**96**	96	1	374
Industry sectors	**226**	219	3	875
Group total	**467**	462	1	1 828

Revenues derived from any single external customer during January-March in 2012 do not exceed the 10% level of the total net sales of the Group.

Operating profit (EBIT) by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**17.3**	13.4	28.8	58.8
Scandinavia	**5.5**	5.2	5.6	18.7
Central Europe & Russia	**-4.2**	-5.0	15.9	-21.0
Global Accounts	**30.2**	15.4	96.4	55.3
Steering Functions and Global Management	**-7.0**	-5.4	-29.8	-13.7
Operating profit (EBIT)	**41.7**	23.6	77.0	98.1

Operating margin (EBIT) by market unit, %

	2012 1-3	2011 1-3	Change	2011 1-12
Finland and the Baltic countries	**9.0**	7.3	1.7	8.0
Scandinavia	**3.9**	3.7	0.2	3.4
Central Europe & Russia	**-12.5**	-15.9	3.4	-16.0
Global Accounts	**17.3**	8.1	9.2	7.6
Operating margin (EBIT)	**8.9**	5.1	3.8	5.4

Operating profit (EBIT) excl. one-off items by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**17.2**	13.6	26.3	61.7
Scandinavia	**6.2**	5.2	20.2	25.5
Central Europe & Russia	**-4.1**	-5.0	18.2	-19.2
Global Accounts	**15.6**	15.4	1.5	61.7
Steering Functions and Global Management	**-7.0**	-5.3	-32.5	-12.6
Operating profit (EBIT)	**28.0**	23.9	16.9	117.1

Operating margin (EBIT) excl. one-off items by market unit, %

	2012 1-3	2011 1-3	Change	2011 1-12
Finland and the Baltic countries	**8.9**	7.4	1.5	8.4
Scandinavia	**4.4**	3.7	0.8	4.7
Central Europe & Russia	**-12.1**	-15.8	3.7	-14.7
Global Accounts	**8.9**	8.1	0.8	8.5
Operating margin (EBIT)	**6.0**	5.2	0.8	6.4

Personnel by market unit

	End of period					Average	
	2012	Change	Share	2011	2011	**2012**	2011
	1-3	%	%	1-3	1-12	**1-3**	1-3
Finland and the Baltic countries	**4 904**	-3	27	5 059	4 843	**4 871**	5 114
Scandinavia	**2 690**	-3	15	2 780	2 672	**2 668**	2 791
Central Europe & Russia	**1 187**	-3	7	1 230	1 340	**1 235**	1 234
Global Accounts	**8 485**	3	47	8 217	8 426	**8 521**	8 144
Steering Functions and Global Management	**856**	1	5	849	842	**844**	801
Group total	**18 121**	0	100	18 136	18 123	**18 139**	18 085

Personnel by country

	End of period					Average	
	2012	Change	Share	2011	2011	**2012**	2011
	1-3	%	%	1-3	1-12	**1-3**	1-3
Finland	**5 530**	-5	31	5 816	5 512	**5 507**	5 811
Sweden	**3 190**	4	18	3 073	3 121	**3 155**	3 099
Czech	**1 977**	4	11	1 907	1 957	**2 032**	1 906
India	**1 656**	4	9	1 591	1 646	**1 662**	1 550
China	**1 413**	17	8	1 209	1 395	**1 409**	1 174
Poland	**1 195**	15	7	1 043	1 191	**1 193**	1 005
Germany	**812**	-19	4	1 000	867	**820**	1 009
Latvia	**627**	9	3	577	589	**616**	594
Norway	**469**	-4	3	488	470	**470**	493
Italy	**279**	12	2	250	276	**277**	251
Lithuania	**147**	-9	1	161	152	**148**	206
Denmark	**127**	-33	1	189	131	**128**	163
Netherlands	**119**	-6	1	126	122	**121**	189
Other	**579**	-18	3	707	696	**602**	634
Group total	**18 121**	0	100	18 136	18 123	**18 139**	18 085
Onshore countries	**10 744**	-5	59	11 274	10 873	**10 792**	11 316
Offshore countries	**7 377**	7	41	6 862	7 250	**7 347**	6 769
Group total	**18 121**	0	100	18 136	18 123	**18 139**	18 085

Non-current assets by country, EUR million

	2012 31 Mar	2011 31 Mar	Change %	2011 31 Dec
Finland	**124.6**	149.4	-17	128.0
Sweden	**32.2**	36.6	-12	33.9
Other	**17.5**	26.9	-35	18.5
Total countries	**174.2**	212.9	-18	180.3
Non-current assets classified as held for sale	**1.1**	0.0	-	3.1
Total non-current assets	**175.3**	212.9	-18	183.4

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.

Capital expenditure by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**11.7**	58.8	-80	85.8
Scandinavia	**1.9**	4.3	-56	9.4
Central Europe & Russia	**0.4**	1.0	-61	3.9
Global Accounts	**0.4**	1.1	-64	3.9
Steering Functions and Global Management	**0.0**	0.0	0	0.5
Group total	**14.4**	65.3	-78	103.6

Depreciation by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**14.7**	15.7	-6	61.7
Scandinavia	**2.7**	3.1	-12	11.6
Central Europe & Russia	**0.7**	0.7	-2	3.7
Global Accounts	**0.9**	0.9	1	4.1
Steering Functions and Global Management	**0.2**	0.6	-62	2.1
Group total	**19.2**	21.0	-8	83.2

Amortization on allocated intangible assets from acquisitions by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**0.1**	0.1	-4	0.4
Scandinavia	**0.3**	0.3	-16	1.2
Central Europe & Russia	**0.3**	0.3	-7	1.4
Global Accounts	**0.8**	1.1	-28	4.3
Steering Functions and Global Management	**0.0**	0.0	0	0.0
Group total	**1.5**	1.9	-21	7.3

Impairment losses by market unit, EUR million

	2012 1-3	2011 1-3	Change %	2011 1-12
Finland and the Baltic countries	**0.0**	0.0	0	0.0
Scandinavia	**0.5**	0.0	-	0.2
Central Europe & Russia	**0.0**	0.0	0	0.0
Global Accounts	**0.0**	0.0	0	5.8
Steering Functions and Global Management	**0.0**	0.0	0	0.0
Group total	**0.5**	0.0	-	6.0

Commitments and contingencies, EUR million

	31 Mar 2012	31 Dec 2011
For Tieto obligations		
Pledges	**-**	-
On behalf of joint ventures	**-**	-
Other Tieto obligations		
Rent commitments due in one year	**46.8**	53.7
Rent commitments due in 1-5 years	**141.7**	118.3
Rent commitments due after 5 years	**30.7**	42.4
Operating lease commitments due in one year	**8.0**	8.2
Operating lease commitments due in 1-5 years	**8.5**	8.5
Operating lease commitments due after 5 years	**0.0**	0.0
Other commitments		
Performance guarantees	**39.2**	39.3
Lease guarantees	**12.1**	10.4
Other	**0.6**	0.8

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.

	31 Mar 2012	31 Dec 2011
Foreign exchange forward contracts	**268.9**	235.6
Forward contracts outside hedge accounting	**233.1**	187.2
Forward contracts within hedge accounting	**35.8**	48.5
Electricity price futures contracts	**3.1**	3.4
Interest rate swap	**205.0**	250.0

Fair values of derivatives

The net fair values of derivative financial instruments at the balance sheet date were:	31 Mar 2012	31 Dec 2011
Foreign exchange forward contracts	**-1.1**	-5.1
Electricity price futures contracts	**-0.7**	-0.7
Interest rate swaps	**-0.5**	-0.6

Derivatives are used for economic hedging purposes only.

Gross positive fair values of derivatives:	Positive 31 Mar 2012	Positive 31 Dec 2011
Foreign exchange forward contracts	**1.2**	0.9
Forward contracts outside hedge accounting	**0.9**	0.8
Forward contracts within hedge accounting *)	**0.3**	0.1
Electricity price futures contracts	**-**	-
Interest rate swaps	**3.7**	2.5

Gross negative fair values of derivatives:	Negative 31 Mar 2012	Negative 31 Dec 2011
Foreign exchange forward contracts	**-2.3**	-5.9
Forward contracts outside hedge accounting	**-1.7**	-3.5
Forward contracts within hedge accounting *)	**-0.6**	-2.4
Electricity price futures contracts	**-0.7**	-0.7
Interest rate swaps	**-4.2**	-3.1

*) Forward contracts within hedge accounting (net)	**-0.3**	-2.3
The amount recognized in equity with deferred tax	**-0.2**	-2.2
Net periodic interest rate difference recognized in interest income/expenses	**-0.1**	-0.1

QUARTERLY FIGURES

Key figures

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Earnings per share, EUR					
- basic	**0.45**	0.18	0.31	0.16	0.19
- diluted	**0.45**	0.18	0.31	0.16	0.19
Equity per share, EUR	**7.69**	7.90	7.66	7.40	7.28
Return on equity rolling 12 month, %	**14.7**	10.7	8.9	9.6	9.9
Return on capital employed rolling 12 month, %	**20.8**	18.3	16.1	14.9	16.1
Equity ratio, %	**44.7**	46.4	47.7	46.4	43.3
Net interest-bearing liabilities, EUR million	**11.7**	82.7	111.9	136.4	76.2
Gearing, %	**2.1**	14.6	20.4	25.8	14.6
Investments, EUR million	**14.4**	13.8	11.2	13.3	65.3

Income statement, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Net sales	**467.1**	489.7	414.5	462.3	461.6
Other operating income	**17.0**	2.9	1.6	2.8	1.7
Employee benefit expenses	**274.7**	268.8	223.7	270.9	265.3
Depreciation, amortization and impairment charges	**21.2**	28.7	22.1	22.8	22.9
Other operating expenses	**146.5**	169.0	141.1	152.2	151.5
Operating profit (EBIT)	**41.7**	26.1	29.2	19.2	23.6
Financial income and expenses	**-2.1**	-2.1	-1.3	-1.4	-2.0
Profit before taxes	**39.6**	24.0	27.9	17.8	21.6
Income taxes	**-7.6**	-11.5	-5.4	-6.4	-8.1
Net profit for the period	**32.0**	12.5	22.5	11.4	13.5

Balance sheet, EUR million

	2012 31 Mar	2011 31 Dec	2011 30 Sep	2011 30 Jun	2011 31 Mar
Goodwill	**415.3**	413.2	416.6	418.0	421.3
Other intangible assets	**72.4**	77.1	82.3	88.1	93.4
Property, plant and equipment	**101.8**	103.2	109.7	116.0	119.5
Other non-current assets	**48.7**	53.6	64.3	66.7	67.4
Total non-current assets	***638.2***	*647.1*	*672.9*	*688.8*	*701.6*
Trade receivables and other current assets	**490.2**	495.6	479.8	488.5	494.7
Cash and cash equivalents	**162.9**	95.8	69.4	47.4	113.4
Total current assets	***653.1***	*591.4*	*549.2*	*535.9*	*608.1*
Assets classified as held for sale	**25.6**	41.4	-	-	-
Total assets	**1 316.9**	1 279.9	1 222.1	1 224.7	1 309.7
Total equity	***549.7***	*564.8*	*547.4*	*528.9*	*520.3*
Non-current loans	**114.3**	117.9	122.7	176.4	185.6
Other non-current liabilities	**74.0**	73.2	74.4	72.2	66.7
Total non-current liabilities	***188.3***	*191.1*	*197.1*	*248.6*	*252.3*
Trade payables and other current liabilities	**477.7**	399.6	384.5	396.1	486.3
Provisions	**19.6**	30.1	27.4	35.7	37.7
Current loans	**65.1**	65.7	65.7	15.4	13.1
Total current liabilities	***562.4***	*495.4*	477.6	*447.2*	*537.1*
Liabilities classified as held for sale	**16.5**	28.6	-	-	-
Total equity and liabilities	**1 316.9**	1 279.9	1 222.1	1 224.7	1 309.7

Cash flow, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Cash flow from operations					
Net profit	**32.0**	12.5	22.5	11.5	13.5
Adjustments	**15.6**	46.1	28.3	30.6	35.5
Change in net working capital	**16.6**	-5.5	-2.2	-34.6	0.2
Cash generated from operations	**64.2**	53.1	48.6	7.5	49.2
Net financial expenses paid	**-1.3**	-5.2	-0.8	0.6	-2.5
Income taxes paid	**6.4**	-4.2	-7.1	-8.1	-7.9
Net cash flow from operations	**69.3**	43.7	40.7	0.0	38.8
Net cash used in investing activities	**3.5**	-11.3	-10.3	-13.7	-19.8
Net cash used in financing activities	**-4.2**	-3.9	-3.3	-56.2	-5.8
Change in cash and cash equivalents	**68.6**	28.5	27.1	-69.9	13.2
Cash and cash equivalents at the beginning of period	**95.8**	69.4	47.4	113.4	98.0
Foreign exchange differences	**0.0**	-0.6	-5.1	3.9	2.2
Assets classified as held for sale	**-1.5**	-1.5	-	-	-
Change in cash and cash equivalents	**68.6**	28.5	27.1	-69.9	13.2
Cash and cash equivalents at the end of period	**162.9**	95.8	69.4	47.4	113.4

QUARTERLY FIGURES BY SEGMENTS

Net sales by market unit, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Finland and the Baltic countries	**193**	202	169	178	184
Scandinavia	**141**	147	120	140	141
Central Europe & Russia	**34**	36	31	33	31
Global Accounts	**175**	185	162	193	190
Group elimination	**-75**	-80	-68	-80	-85
Group total	**467**	490	415	462	462

Customer sales by business line, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Industry Solutions	**143**	147	120	132	130
Enterprise Solutions	**72**	71	59	78	67
Managed Services and Transformation	**172**	182	159	160	172
Product Engineering Solutions	**81**	90	77	93	92
Group total	**467**	490	415	462	462

The comparison figures for 2011 have changed due to transfer of businesses between the business lines in the beginning of 2012.

Net sales by customer sector, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Telecom	**145**	152	129	151	147
Finance	**96**	98	85	95	96
Industry sectors	**226**	240	200	216	219
Group total	**467**	490	415	462	462

Operating profit (EBIT) by market unit, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Finland and the Baltic countries	**17.3**	23.9	17.3	4.2	13.4
Scandinavia	**5.5**	2.4	6.0	5.1	5.2
Central Europe & Russia	**- 4.2**	- 6.8	- 3.6	- 5.6	- 5.0
Global Accounts	**30.2**	9.6	11.9	18.5	15.4
Steering Functions and Global Management	**- 7.0**	- 2.9	- 2.3	- 3.1	- 5.4
Operating profit (EBIT)	**41.7**	26.1	29.2	19.2	23.6

Operating margin (EBIT) by market unit, %

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Finland and the Baltic countries	**9.0**	11.9	10.2	2.4	7.3
Scandinavia	**3.9**	1.6	5.0	3.7	3.7
Central Europe & Russia	**-12.5**	-18.9	-11.5	-17.1	-15.9
Global Accounts	**17.3**	5.2	7.4	9.6	8.1
Operating margin (EBIT)	**8.9**	5.3	7.1	4.1	5.1

Operating profit (EBIT) excl. one-off items by market unit, EUR million

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Finland and the Baltic countries	**17.2**	24.6	19.4	4.1	13.6
Scandinavia	**6.2**	2.4	8.6	9.2	5.2
Central Europe & Russia	**- 4.1**	- 5.3	- 3.6	- 5.4	- 5.0
Global Accounts	**15.6**	15.3	12.5	18.5	15.4
Steering Functions and Global Management	**- 7.0**	- 2.8	- 2.4	- 2.1	- 5.3
Operating profit (EBIT)	**28.0**	34.2	34.5	24.5	23.9

Operating margin (EBIT) excl. one-off items by market unit, %

	2012 1-3	2011 10-12	2011 7-9	2011 4-6	2011 1-3
Finland and the Baltic countries	**8.9**	12.2	11.5	2.3	7.4
Scandinavia	**4.4**	1.6	7.2	6.6	3.7
Central Europe & Russia	**-12.1**	-14.7	-11.4	-16.5	-15.8
Global Accounts	**8.9**	8.3	7.7	9.6	8.1
Operating margin (EBIT)	**6.0**	7.0	8.3	5.3	5.2

Major shareholders on 31 March 2012

		Shares	%
1	Cevian Capital	10 763 048	14.9
2	Solidium Oy	7 415 418	10.3
3	Ilmarinen Mutual Pension Insurance Co.	2 919 367	4.1
4	Varma Mutual Pension Insurance Co.	2 859 749	4.0
5	Etera Mutual Pension Insurance Co.	2 460 889	3.4
6	OP-Pohjola Group Central Cooperative	2 380 330	3.3
7	Svenska Litteratursällskapet i Finland	1 764 300	2.4
8	Swedbank Robur fonder	1 677 851	2.3
9	The State Pension fund	873 000	1.2
10	Tapiola Pension	700 000	1.0
		33 813 952	46.9
	Nominee registered	22 218 191	30.8
	Others	15 991 030	22.2
	Total	**72 023 173**	**100.0**

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

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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. at 2.30 pm EET (1.30 pm CET. 12.30 pm UK time). The results will be presented in English by Kimmo Alkio. President and CEO.

The conference will be webcasted and published live on Tieto's website www.tieto.com/investors and there will be a possibility to present questions online. An on-demand video will be available after the conference.

Tieto publishes financial information in English. Finnish and Swedish. All releases are posted in full on Tieto's website as soon as they are published.

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