

TIETO's interim report 1/2011 (January–March) – Strong growth; unsatisfactory profitability

January–March highlights

- Net sales totalled EUR 461.6 (422.9) million, an increase of 9%.
- Order intake at EUR 596 (581) million.
- Operating profit (EBIT) amounted to EUR 23.6 (18.8) million, representing an operating margin of 5.1% (4.5).
- Profit after taxes was EUR 13.5 (12.0) million.
- Net cash flow from operations amounted to EUR 38.8 (27.9) million.

Outlook for 2011 unchanged

The IT services market started to recover in the latter part of 2010. For 2011, industry analysts expect growth of 2–4% for the IT services market in Western Europe. In 2011, Tieto expects its net sales to develop in line with the Western European IT services market. Full-year operating profit (EBIT) excluding one-off items is expected to be better than in 2010 (EUR 110.0 million in 2010).

	Q1/2011	Q1/2010
Net sales, EUR million	461.6	422.9
Change in net sales, %	9	-3
Operating profit (EBITA), EUR million	25.5	20.6
Operating margin (EBITA), %	5.5	4.9
Operating profit (EBIT), EUR million	23.6	18.8
Operating margin (EBIT), %	5.1	4.5
Operating profit (EBIT) excl. one-off items, EUR million	23.9	26.6
Operating margin (EBIT) excl. one-off items, %	5.2	6.3
Profit after taxes, EUR million	13.5	12.0
Net cash flow from operations, EUR million	38.8	27.9
EPS, EUR	0.19	0.17
Return on equity, %	9.9	13.6
Return on capital employed, %	16.1	19.6
Investments, EUR million	65.3	23.3
Interest-bearing net debt, EUR million	76.2	51.9
Gearing, %	14.6	10.2
Personnel on 31 March	18 136	16 880

MARKET DEVELOPMENT

Industry analysts' estimates indicate growth of 2–4% for the IT services market in Western Europe in 2011. The global IT market is expected to see greater growth due to rising demand in the emerging markets.

Instead of focusing only on costs, customers have started to look for new growth opportunities. Demand for new development projects aiming at enhanced customer services or better management of sales channels is picking up. Additionally, mobile applications comprise a clear growth area. Customers still consider it important to improve the efficiency of key processes, and thus the market for the outsourcing of ICT infrastructure, application management and business

processes is expected to remain brisk. Development of the ICT infrastructure and application environments of companies is also picking up.

Growing part of customers' current investments is aimed at decreasing the total cost of IT operations by taking advantage of the new cloud delivery models. Applications and ICT infrastructure are increasingly moving towards web-based scalable delivery models. The majority of 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.

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 still expected to see healthy growth. However, offshore competition has led to price pressure.

On top of offshore competition, another challenge is the shortage of skilled manpower. The need to attract and retain talent is expected to lead to wage inflation.

Healthy demand for IT services is anticipated especially in the finance, manufacturing and healthcare sectors. In the finance sector, demand will be driven by the need for greater regulatory compliance and transparency across processes as well as the launch of new services supporting digital customership. In the manufacturing sector, stronger demand is based on the need to improve processes and service deliveries whereas in the healthcare sector, there are pressures to renew service production models to be able to reconcile increasing service demand with the declining workforce.

In **Finland and the Baltic countries**, customers have started to invest in services supporting their growth. The Finnish IT services market is expected to grow by approximately 3%. Demand for IT services is expected to continue at a good level in the industrial manufacturing sector, providing good outsourcing opportunities. Positive development is also expected in the energy, retail, healthcare and welfare sectors.

In **Scandinavia**, demand for IT services is at a healthy level. The Swedish IT market is estimated to grow by 4% in 2011. There are some signs of an overheated market resulting in key competence shortages within some areas. Fierce competition puts pressure on prices, especially in basic services. In Norway and Denmark, the market is expected to grow by 3%.

In **Central Europe & Russia**, demand is expected to grow, especially for project services driving cost-efficiency and customer satisfaction. In Russia, demand is expected to grow in the retail banking, telecom, manufacturing, oil & gas and food industries. In Germany, the markets for local telecom R&D are weak, but demand in the healthcare sector is brisk. The manufacturing market has recovered and investment planning has been started.

ORDER BACKLOG

The order backlog, which only comprises services ordered with binding contracts, amounted to EUR 1 708 (1 208) million at the end of the period. In total, 47% (60) of the backlog is expected to be invoiced during 2011.

FINANCIAL PERFORMANCE IN JANUARY–MARCH

During January–March, Tieto signed several important midsized and smaller agreements. For example, Tieto concluded an agreement with Apoteket AB (administration of Apoteket AB's business system), the State Treasury in Finland (unified communication and collaboration solution), SAAB (ICT infrastructure and application management services, systems development) and Statoil (Energy Components frame agreement).

First-quarter net sales rose by 9% and amounted to EUR 461.6 (422.9) million. The stronger currencies, especially the Swedish krona, had a positive EUR 18 million impact on net sales. On

the other hand, the increase in net sales was curbed by the divestments of the pulp and paper operations in North America and Tieto's French subsidiary in spring 2010. The divestments had a negative EUR 6.6 million impact on net sales in the first quarter. After eliminating the impacts of the divestments and currency effects, net sales of the underlying business grew by 7%.

Industry solutions saw strong growth, especially in the energy, finance and healthcare and welfare sectors. The strongest performance was seen in Scandinavia, where Tieto grew its sales in managed services by more than 30% and in industry solutions by 20%.

First-quarter operating profit (EBIT) amounted to EUR 23.6 (18.8) million, representing a margin of 5.1% (4.5). Operating profit includes one-off items of EUR 0.3 (7.8) million. Operating profit excluding one-off items stood at EUR 23.9 (26.6) million, or 5.2% (6.3) of net sales. Operating profit was burdened by the organizational change that took place at the start of the year. The change led to a temporary decline in internal efficiency and insufficient project resourcing.

The improvement in profitability was curbed by the higher cost of sales, which was up due to volume growth. Manhours rose by around 8%, but higher volumes were not fully translated into net sales due to the continued decline in prices on the heels of increasing offshoring. Personnel costs excluding restructuring costs and currency effects were up by 1%. Business, IT and premises expenses excluding restructuring costs and currency effects declined slightly.

Depreciation rose by EUR 6.1 million of which more than half is attributable to a new mainframe and software agreement, which is described in more detail in the Investments section. The agreement has no material impact on operating profit.

Net financial expenses stood at EUR 2.0 (1.1) million in the first quarter. Net interest expenses were EUR 0.9 (1.7) million and net losses from foreign exchange transactions EUR 0.9 (positive 0.7) million. Other financial income and expenses amounted to EUR 0.2 (0.1) million.

First-quarter earnings per share (EPS) totalled EUR 0.19 (0.17).

Financial performance by market unit

	Net sales Q1/2011, EUR million	Net sales Q1/2010, EUR million	Change, %	Operating margin Q1/2011, %	Operating margin Q1/2010, %
Finland and the Baltic countries	185	185	0	7.1	8.4
Scandinavia	141	111	27	3.4	3.5
Central Europe & Russia	31	31	2	-15.9	-6.5
Global Accounts	190	172	10	8.2	7.1
Group elimination	-86	-77	12		
Total	462	423	9	5.1	4.5

In **Finland and the Baltic countries**, net sales were flat. Industry solutions and enterprise solutions saw good growth, especially in the manufacturing sector. Challenges were encountered in managed services partly because some contracts ended and prices were lower. Operating profit declined somewhat due to negative price development and higher depreciation in managed services. First-quarter operating profit amounted to EUR 13.1 (15.5) million, or 7.1% (8.4) of net sales.

In **Scandinavia**, net sales grew by 27%. Growth is mainly attributable to the public and healthcare and welfare sectors in Sweden and the energy sector in Norway. In Denmark, Tieto's net sales were declining. The currency changes had a positive EUR 9 million impact on net

sales. The positive impact of higher net sales was offset by the increase in the cost of sales. First-quarter operating profit amounted to EUR 4.8 (3.9) million, or 3.4% (3.5) of net sales.

In **Central Europe & Russia**, net sales grew by 2%. Product engineering, which accounts for one third of the market unit's sales, grew by 9%. As costs were rising faster than net sales, first-quarter operating profit declined to EUR -5.0 (-2.0) million, or -15.9% (-6.5) of net sales.

In **Global Accounts**, net sales grew by 10%. The divestments in North America and France in 2010 and the changes in currencies offset each other. The strongest growth was posted in the telecom sector. Despite the positive development in the telecom sector, there are some uncertainties regarding some customers' strategies going forward. First-quarter operating profit amounted to EUR 15.6 (12.2) million, or 8.2% (7.1) of net sales. Operating profit excluding one-off items declined to EUR 15.6 (19.0) million, or 8.2% (11.0) of net sales. One-off items in 2010 include the impairment losses related to the divestment of the operations in France and the USA.

Net sales by business line

	Net sales Q1/2011, EUR million	Net sales Q1/2010, EUR million	Change, %
Industry Solutions	144	130	11
Enterprise Solutions	52	47	11
Managed Services and Transformation	175	159	10
Product Engineering Solutions	90	87	4
Total	462	423	9

In **Industry Solutions**, net sales rose by 11%, reflecting strong performance in the energy, finance and healthcare and welfare sectors. Sweden and Norway are currently the strongest markets. Profitability improved slightly.

In **Enterprise Solutions**, net sales rose by 11%, Finland being the strongest market. Profitability improved slightly. Areas such as software engineering services, ERP and CRM were the biggest contributors to its performance.

In the **Managed Services and Transformation** business line, net sales rose by 10%. In local currencies, sales were up by 5%. Strong performance was posted in Scandinavia, especially in the Swedish public sector, but that was offset by the decline in Finland and the Baltic countries. Operating profit was down due to increased purchases related to higher volumes as well as higher depreciation.

In **Product Engineering Solutions**, net sales were up by 4%, reflecting good performance in the network equipment manufacturers' segment. Excluding the divestment in France in 2010 and the changes in currencies, net sales rose by 3%. Operating profit excluding impairment losses in 2010 was down.

CASH FLOW AND FINANCING

First-quarter net cash flow from operations, including the increase of EUR 0.2 (decrease 9.9) million in net working capital, amounted to EUR 38.8 million (27.9).

Tax payments amounted to EUR 7.9 (6.6) million.

Payments for acquisitions totalled EUR 0.5 (0.4) million in the first quarter. There were no divestments in 2011 (EUR 5.1 million in 2010).

The equity ratio was 43.3% (45.8). Gearing increased to 14.6% (10.2). Net debt totalled EUR 76.2 (51.9) million, including EUR 186.4 million in interest-bearing debt, EUR 12.3 million in finance lease liabilities, EUR 9.2 million in finance lease receivables and EUR 113.4 million in cash and cash equivalents.

The interest-bearing long-term debt includes EUR 150 million in bonds, of which EUR 100 million will mature in December 2013 and EUR 50 million (private placement) in July 2012. The EUR 250 million syndicated revolving credit facility maturing in November 2011 was not in use and there were no commercial papers issued under the EUR 250 million commercial paper programme at the end of March. Other long-term interest-bearing liabilities of EUR 23.4 million and short-term interest-bearing liabilities of EUR 13.1 million were mainly related to an acquisition agreement for mainframes and software.

INVESTMENTS

Investments totalled EUR 65.3 (23.3) million, of which EUR 47.5 million relates to the new mainframe and software agreement. Capital expenditure accounted for EUR 65.3 (21.6) million and investments in subsidiary and associated company shares for EUR 0.0 (1.7) million.

Tieto signed a new mainframe and software agreement during the first quarter. The new agreement differs from the previous one that expired at the end of 2010. Instead of presenting the software costs under rents, they are presented as depreciation and interest expenses and in the balance sheet as fixed assets and interest-bearing loans. In 2010, the software rents amounted to around EUR 3.4 million for each quarter. The change has no material impact on operating profit.

PERSONNEL

The number of full-time employees amounted to 18 136 (16 880) 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 6 862 (5 431), or 38% (32) of personnel. Global operations have grown fast, especially in China and India. In onshore locations, the number of personnel has decreased by close to 200 employees year-on-year.

The 12-month rolling employee turnover stood at 9.9% (6.7) at the end of March. The average number of fulltime employees was 18 085 (17 097) in the full year. Due to rising attrition rates, salaries are expected to increase by 2–3% on average. Emerging focus markets like India and China may see double-digit salary hikes.

ANNUAL GENERAL MEETING

Tieto's Annual General Meeting of Shareholders approved the financial statements for 2010, decided to distribute a dividend of EUR 0.70 per share and discharge the company's officers from liability for the financial year 2010.

The meeting re-elected the Board's current members Kimmo Alkio, Christer Gardell, Kurt Jofs, Eva Lindqvist, Risto Perttunen, Markku Pohjola, Olli Riikkala and Teuvo Salminen.

At its constitutive meeting, the Board of Directors elected Markku Pohjola as its Chairman and Olli Riikkala as its Deputy Chairman. The Board also appointed a Remuneration Committee comprising Markku Pohjola (Chairman), Kimmo Alkio, Christer Gardell and Olli Riikkala, and an Audit and Risk Committee comprising Teuvo Salminen (Chairman), Kurt Jofs, Eva Lindqvist and Risto Perttunen. All Board members are independent of both the company and the company's significant shareholders.

The company's personnel has appointed two members, each with a personal deputy, to the Board of Directors. The term of office for the personnel representatives is two years and Anders Eriksson (deputy Bo Persson) and Jari Länsivuori (deputy Esa Koskinen) continue on the Board until the Annual General Meeting in 2012.

The meeting re-elected the firm of authorized public accountants PricewaterhouseCoopers Oy as the company's auditor for the financial year 2011.

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

MANAGEMENT

In March, Lasse Heinonen was appointed Chief Financial Officer, Executive Vice President and member of Tieto's Leadership Team as of 16 May.

SHARES AND SHARE-BASED INCENTIVES

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

At the end of the quarter, 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 shares in the company's possession, was 71 469 473 at the end of March.

EVENTS AFTER THE PERIOD

In April, Tieto and I-Teco agreed to pull out of their plans to establish a joint venture company in Russia. The plans were announced in September 2010.

On 12 April, Tieto announced that the share subscription price for Stock Option 2009 C is EUR 12.91 per share.

On 28 April, the Board of Directors announced the change of President and CEO. Ari Karppinen (born 1957), Executive Vice President, Managed Services and Transformation in Tieto, was appointed acting President and CEO as of 28 April.

NEAR-TERM RISKS AND UNCERTAINTIES

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

The ongoing transformation of the IT sector towards offshore production might create uncertainty among the company's personnel and poses risks related to the company's market position, prices and quality of deliveries. On the other hand, Tieto has steadily increased its offshore resources during the past several years, and is currently the leading European based company providing substantial offshore capabilities. The company expects the growing offshore operations to lead to lower average costs, offsetting negative price effects. Special attention has been placed on ensuring the quality of deliveries.

A comprehensive description of the major long-term risks is available in the Report by the Board of Directors on the company's website at www.tieto.com.

OUTLOOK FOR 2011

The IT services market started to recover in the latter part of 2010. For 2011, industry analysts expect growth of 2–4% for the IT services market in Western Europe.

In 2011, Tieto expects its net sales to develop in line with the Western European IT services market. Full-year operating profit (EBIT) excluding one-off items is expected to be better than in 2010 (EUR 110.0 million in 2010).

The figures in this report are unaudited.

Financial calendar

22 July 2011	Interim report 2/2011 (8.00 am EET)
25 October 2011	Interim report 3/2011 (8.00 am EET)
8 February 2012	Interim report 4/2011 and financial statements bulletin for 2011

Accounting policies in 2011

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 2010. The accounting policies, standards, interpretations and amendments taken into use in 2011 are described in the annual financial statements. The effects of the changes are immaterial.

Key figures

	2011	2010	2010
	1-3	1-3	1-12
Earnings per share, EUR			
- basic	0.19	0.17	0.69
- diluted	0.19	0.17	0.69
Equity per share, EUR	7.28	7.10	7.80
Return on equity rolling 12 month, %	9.9	13.6	9.2
Return on capital employed rolling 12 month, %	16.1	19.6	15.1
Equity ratio %	43.3	45.8	47.6
Net interest-bearing liabilities, EUR million	76.2	51.9	51.8
Gearing, %	14.6	10.2	9.3
Investments, EUR million	65.3	23.3	101.4

Number of shares

	2011	2010	2010
	1-3	1-3	1-12
Outstanding shares, end of period			
Basic	71 469 473	71 408 913	71 469 473
Diluted	71 628 528	71 684 967	71 683 732
Outstanding shares, average			
Basic *)	71 469 473	71 408 913	71 408 913
Diluted	71 628 528	71 689 318	71 690 740
Company's possession of its own shares,			
End of period	553 700	545 900	553 700
Average	553 700	541 549	546 683

*) Number of shares included in the calculation of basic Earnings per share. Shares conveyed in 2009 are excluded for year 2010 as they could have been returned until the end of 2010.

Income statement, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Net sales	461.6	422.9	9	1 713.7
Other operating income	1.7	7.0	-76	17.5
Employee benefit expenses	265.3	254.5	4	1 017.1
Depreciation, amortization and impairment charges	22.9	23.0	0	78.5
Other operating expenses	151.5	133.6	13	563.2
Operating profit (EBIT)	23.6	18.8	26	72.4
Interest and other financial income	0.5	3.8	-87	10.6
Interest and other financial expenses	-1.6	-5.6	-71	-16.9
Net exchange losses/gains	-0.9	0.7	-	0.0
Profit before taxes	21.6	17.7	22	66.1
Income taxes	-8.1	-5.7	42	-16.6
Net profit for the period	13.5	12.0	13	49.5
Net profit for the period attributable to				
Shareholders of the Parent company	13.5	11.9	13	49.5
Non-controlling interest	0.0	0.1	-100	0.0
	13.5	12.0	13	49.5

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

Basic	0.19	0.17	12	0.69
Diluted	0.19	0.17	12	0.69

Statement of comprehensive income, EUR million

Net profit for the period	13.5	12.0	13	49.5
Translation difference from the net investment in Swedish subsidiaries (net of tax)	0.6	8.0	-93	20.7
Translation differences	-3.1	3.7	-	1.5
Cash flow hedges	0.6	-	-	-0.1
Total comprehensive income	11.6	23.7	-51	71.6
Total comprehensive income attributable to				
Shareholders of the Parent company	11.6	23.6	-51	71.6
Non-controlling interest	0.0	0.1	-100	0.0
	11.6	23.7	-51	71.6

Balance sheet, EUR million

	2011 31 Mar	2010 31 Mar	Change %	2010 31 Dec
Goodwill	421.3	411.5	2	422.9
Other intangible assets	93.4	45.0	108	51.4
Property, plant and equipment	119.5	104.7	14	121.2
Deferred tax assets	60.6	60.3	0	63.0
Loan receivables	6.0	5.0	20	3.4
Available-for-sale financial assets	0.8	0.8	0	0.8
<i>Total non-current assets</i>	701.6	627.3	12	662.7
Trade and other receivables	474.3	446.8	6	465.2
Pension benefit assets	6.3	3.7	70	5.2
Loan receivables	3.2	3.2	0	3.1
Current income tax receivables	10.9	7.7	42	6.4
Cash and cash equivalents	113.4	98.4	15	98.0
<i>Total current assets</i>	608.1	559.8	9	577.9
Assets classified as held for sale	-	4.4	-	-
Total assets	1 309.7	1 191.5	10	1 240.6
Share capital, share issue premiums and other reserves	114.7	112.2	2	114.6
Retained earnings	405.5	394.5	3	442.8
<i>Parent shareholders' equity</i>	520.2	506.7	3	557.4
Non-controlling interest	0.1	0.5	-80	0.1
<i>Total equity</i>	520.3	507.2	3	557.5
Loans	185.6	155.2	20	151.4
Deferred tax liabilities	38.5	35.0	10	38.1
Provisions	2.4	3.3	-27	2.9
Pension obligations	20.8	20.4	2	20.7
Other non-current liabilities	5.0	2.6	92	3.8
<i>Total non-current liabilities</i>	252.3	216.5	17	216.9
Trade and other payables	473.8	420.2	13	411.1
Current income tax liabilities	12.5	7.3	71	10.1
Provisions	37.7	33.3	13	40.1
Loans	13.1	3.3	297	4.9
<i>Total current liabilities</i>	537.1	464.1	16	466.2
Liabilities classified as held for sale	-	3.7	-	-
Total equity and liabilities	1 309.7	1 191.5	10	1 240.6

Net working capital in the balance sheet, EUR million

	2011	2010	Change	2010
	31 Mar	31 Mar	%	31 Dec
Accounts receivable	345.8	296.5	17	367.1
Other working capital receivables	133.5	149.7	-11	101.2
Working capital receivables included in assets	479.3	446.2	7	468.3
Operative accruals	180.6	154.3	17	173.8
Other working capital liabilities	243.8	224.9	8	235.8
Pension obligations and provisions	60.9	57.0	7	63.7
Working capital liabilities included in current liabilities	485.3	436.2	11	473.3
Net working capital in the balance sheet	-6.0	10.0	-160	-5.0

Cash flow, EUR million

	2011	2010	2010
	1-3	1-3	1-12
Cash flow from operations			
Net profit	13.4	12.0	49.5
Adjustments			
Depreciation, amortization and impairment charges	22.9	23.0	78.5
Share-based payments	1.2	1.2	4.4
Profit/loss on sale of fixed assets and shares	0.1	-0.5	1.2
Other adjustments	1.3	0.0	-1.3
Net financial expenses	2.0	1.1	6.3
Income taxes	8.1	5.7	16.6
Change in net working capital	0.2	-9.9	12.6
Cash generated from operations	49.2	32.6	167.8
Net financial expenses paid	-2.5	1.9	-6.8
Income taxes paid	-7.9	-6.6	-18.1
Net cash flow from operations	38.8	27.9	142.9
Cash flow from investing activities			
Acquisition of Group companies and business operations, net of cash acquired	-0.5	-0.4	-2.6
Capital expenditures	-17.0	-21.4	-95.8
Disposal of business operations	-	5.1	3.6
Sales of fixed assets	0.4	0.3	0.5
Change in loan receivables	-2.7	0.7	2.4
Net cash used in investing activities from operations	-19.8	-15.7	-91.9
Cash flow from financing activities			
Dividends paid	-	-0.3	-36.0
Payment of finance lease liabilities	-1.4	-1.3	-5.3
Change in interest-bearing liabilities	-4.4	-38.4	-36.7
Net cash used in financing activities from operations	-5.8	-40.0	-78.0
Change in cash and cash equivalents	13.2	-27.8	-27.0
Cash and cash equivalents at beginning of period	-98.0	-123.3	-123.3
Foreign exchange differences	-2.2	-2.9	-1.7
Cash and cash equivalents at end of period	113.4	98.4	98.0
	13.2	-27.8	-27.0

Statement of changes in shareholders' equity, EUR million

	Parent shareholders' equity							Non- control- ling interest	Total equity
	Share capi- tal	Share issue premi- ums and other reserves	Own shares	Trans- lation differ- encies	Cash flow hedges	Re- tained earn- ings	Total		
At 31 Dec 2009	75.8	34.8	-11.6	-44.8	0.0	463.4	517.6	0.7	518.3
Comprehensive income									
Net profit for the period						11.9	11.9	0.1	12.0
Other comprehensive income									
Translation difference from the net investment in Swedish subsidiaries (net of tax)						8.0	8.0		8.0
Translation difference		1.5		27.5		-25.3	3.7		3.7
Total comprehensive income		1.5		27.5	0.0	-5.4	23.6	0.1	23.7
Transactions with owners									
Share-based payments recognized against equity						1.2	1.2		1.2
Dividend						-35.7	-35.7		-35.7
Non-controlling interest								-0.3	-0.3
Total transactions with owners		0.0	0.0			-34.5	-34.5	-0.3	-34.8
At 31 Mar 2010	75.8	36.3	-11.6	-17.3	0.0	423.5	506.7	0.5	507.2

	Parent shareholders' equity							Non- control- ling interest	Total equity
	Share capi- tal	Share issue premi- ums and other reserves	Own shares	Trans- lation differ- encies	Cash flow hedges	Re- tained earn- ings	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 the net investment in Swedish 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

EUR 3.5 million has been reclassified from Retained earnings to Translation differences.

Net sales by market unit, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Finland and the Baltic countries	185	185	0	742
Scandinavia	141	111	27	468
Central Europe & Russia	31	31	2	126
Global Accounts	190	172	10	692
Group elimination	-86	-77	12	-315
Group total	462	423	9	1 714

Internal sales by market unit, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Finland and the Baltic countries	29	30	-4	116
Scandinavia	22	18	24	74
Central Europe & Russia	7	6	20	26
Global Accounts	29	24	23	100
Group total	86	77	12	315

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

Net sales by country, EUR million

	2011	Change	Share	2010	Share	2010
	1-3	%	%	1-3	%	1-12
Finland	210	3	46	205	48	826
Sweden	144	28	31	113	27	479
Other	107	2	23	106	25	410
Group total	462	9	100	423	100	1 714

Net sales by business line, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Industry Solutions	144	130	11	537
Enterprise Solutions	52	47	11	182
Managed services and transformation	175	159	10	657
Product Engineering Solutions	90	87	4	339
Group total	462	423	9	1 714

Net sales by customer sector, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Telecom	147	142	4	571
Finance	96	88	8	358
Industry sectors	219	193	14	785
Group total	462	423	9	1 714

Revenues of EUR 58.9 million (EUR 56.5 million in 2010) are derived from a single external customer. These revenues are attributable to the Global Accounts segment.

Operating profit (EBIT) by market unit, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Finland and the Baltic countries	13.1	15.5	-15.2	62.5
Scandinavia	4.8	3.9	22.9	21.6
Central Europe & Russia	-5.0	-2.0	-149.3	-24.3
Global Accounts	15.6	12.2	27.8	60.0
Steering Functions and Group Management	-5.0	-10.8	53.8	-47.4
Operating profit (EBIT)	23.6	18.9	25.1	72.4

Operating margin (EBIT) by market unit, %

	2011	2010	Change	2010
	1-3	1-3		1-12
Finland and the Baltic countries	7.1	8.4	-1.3	8.4
Scandinavia	3.4	3.5	-0.1	4.6
Central Europe & Russia	-15.9	-6.5	-9.4	-19.3
Global Accounts	8.2	7.1	1.1	8.7
Operating margin (EBIT)	5.1	4.5	0.7	4.2

Personnel by country

	End of period			Average			
	2011 1-3	Change %	Share %	2010 1-3	2010 1-12	2011 1-3	2010 1-3
Finland	5 816	1	32	5 773	5 776	5 811	5 780
Sweden	3 073	3	17	2 988	3 023	3 099	2 967
Czech	1 907	11	11	1 717	1 886	1 906	1 785
India	1 591	43	9	1 112	1 499	1 550	1 218
China	1 209	66	7	727	1 096	1 174	870
Poland	1 043	45	6	720	950	1 005	806
Germany	1 000	-4	6	1 040	1 010	1 009	1 028
Latvia	577	-2	3	591	582	594	593
Norway	488	-8	3	532	500	493	519
Italy	250	-8	1	270	232	251	258
Great Britain	202	-24	1	265	211	206	232
Denmark	189	-11	1	213	190	189	204
Lithuania	161	-11	1	180	169	163	177
Netherlands	126	-3	1	131	132	127	131
Russia	124	-2	1	127	130	126	123
Estonia	103	-15	1	120	106	104	116
Other	278	-26	2	375	265	276	292
Group total	18 136	7	100	16 880	17 757	18 085	17 097

Non-current assets by country, EUR million

	2011 31 Mar	2010 31 Mar	Change %	2010 31 Dec
Finland	149.4	93.1	61	106.6
Sweden	36.6	30.7	19	38.9
Other	26.9	26.1	3	27.2
Total non-current assets	212.9	149.8	42	172.7

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.

Capital expenditure by market unit, EUR million

	2011 1-3	2010 1-3	Change %	2010 1-12
Finland and the Baltic countries	58.8	14.8	297	65.1
Scandinavia	4.3	5.1	-16	21.7
Central Europe & Russia	1.0	0.2	361	4.3
Global Accounts	1.1	1.0	14	4.7
Steering Functions and Group Management	0.0	0.5	-90	3.8
Group total	65.3	21.6	202	99.5

Depreciation by market unit, EUR million

	2011 1-3	2010 1-3	Change %	2010 1-12
Finland and the Baltic countries	15.7	10.6	49	44.7
Scandinavia	3.1	2.3	31	10.6
Central Europe & Russia	0.7	0.4	70	2.6
Global Accounts	0.9	0.8	8	3.3
Steering Functions and Group Management	0.6	0.4	48	2.1
Group total	21.0	14.5	44	63.3

Amortization on allocated intangible assets from acquisitions, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Finland and the Baltic countries	0.1	0.1	45	0.4
Scandinavia	0.3	0.3	10	1.2
Central Europe & Russia	0.3	0.3	3	1.4
Global Accounts	1.1	1.1	-1	4.6
Steering Functions and Group Management	0.0	0.0	0	0.0
Group total	1.9	1.8	4	7.6

Impairment losses, EUR million

	2011	2010	Change	2010
	1-3	1-3	%	1-12
Finland and the Baltic countries	0.0	0.0	0	0.0
Scandinavia	0.0	0.0	0	0.0
Central Europe & Russia	0.0	0.0	0	0.0
Global Accounts	0.0	6.6	-100	7.6
Steering Functions and Group Management	0.0	0.0	0	0.0
Group total	0.0	6.6	-100	7.6

Commitments and contingencies, EUR million

	31 Mar 2011	31 Dec 2010
For Tieto obligations		
Pledges	0.0	0.0
On behalf of joint ventures	0.0	0.0
Other Tieto obligations		
Rent commitments due in one year	49.0	51.4
Rent commitments due in 1-5 years	113.3	117.6
Rent commitments due after 5 years	41.5	41.6
Operating lease commitments due in one year	5.4	5.5
Operating lease commitments due in 1-5 years	5.4	5.3
Operating lease commitments due after 5 years	0.0	0.0
Other commitments *)	44.7	42.7

*) In addition commitments of EUR 9.4 million (EUR 9.8 million in 2010) related to liabilities in the Group balance sheet.

Operating lease commitments are principally three-year lease agreements that do not include buyout clauses.



Derivatives, EUR million

Notional amounts of derivatives	31 Mar 2011	31 Dec 2010
Foreign exchange forward contracts	265.0	286.5
Forward contracts outside hedge accounting	216.7	239.6
Forward contracts within hedge accounting	48.3	46.9
Interest rate swap	250.0	250.0
Currency options	6.2	12.3

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.

Fair values of derivatives

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

	31 Mar 2011	31 Dec 2010
Foreign exchange forward contracts	0.8	2,0
Interest rate swaps	-0.8	-1,7
Currency options	0.0	0,0

Derivatives are used for economic hedging purposes only.

Gross positive fair values of derivatives:

	Positive 31 Mar 2011	Positive 31 Dec 2010
Foreign exchange forward contracts	1.7	3.9
Forward contracts outside hedge accounting	1.2	3.5
Forward contracts within hedge accounting *)	0.5	0.4
Interest rate swaps	1.2	2.1
Currency options	0.0	0.0

Gross negative fair values of derivatives:

	Negative 31 Mar 2011	Negative 31 Dec 2010
Foreign exchange forward contracts	-0.9	-1.9
Forward contracts outside hedge accounting	-0.8	-1.5
Forward contracts within hedge accounting *)	-0.1	-0.4
Interest rate swaps	-2.0	-3.7
Currency options	0.0	0.0

*) The amount recognized in equity

The amount that has been booked in the income statement as a result of ineffectiveness of cash flow hedge

	0.5	-0.1
	0.5	0.0

The hedged highly probable forecast transactions denominated in foreign currency are expected to occur at various dates during the next 12 months.

QUARTERLY FIGURES**Key figures**

	2011	2010	2010	2010	2010
	1-3	10-12	7-9	4-6	1-3
Earnings per share, EUR					
- basic	0.19	0.02	0.34	0.17	0.17
- diluted	0.19	0.02	0.34	0.17	0.17
Equity per share, EUR	7.28	7.80	7.72	7.33	7.10
Return on equity rolling 12 month, %	9.9	9.2	14.2	13.8	13.6
Return on capital employed rolling 12 month, %	16.1	15.1	18.6	21.1	19.6
Equity ratio %	43.3	47.6	51.1	48.0	45.8
Net interest-bearing liabilities, EUR million	76.2	51.8	96.4	89.6	51.9
Gearing, %	14.6	9.3	17.5	17.1	10.2
Investments, EUR million	65.3	29.3	23.6	25.2	23.3

Income statement, EUR million

	2011	2010	2010	2010	2010
	1-3	10-12	7-9	4-6	1-3
Net sales	461.6	472.2	387.1	431.5	422.9
Other operating income	1.7	4.2	3.8	2.5	7.0
Employee benefit expenses	265.3	287.6	219.2	255.8	254.5
Depreciation, amortization and impairment charges	22.9	19.4	17.9	18.2	23.0
Other operating expenses	151.5	163.0	126.1	140.5	133.6
Operating profit (EBIT)	23.6	6.4	27.7	19.5	18.8
Financial income and expenses	-2.0	-0.7	-3.4	-1.1	-1.1
Profit before taxes	21.6	5.7	24.3	18.4	17.7
Income taxes	-8.1	-4.3	0.1	-6.7	-5.7
Net profit for the period	13.5	1.4	24.4	11.7	12.0

Balance sheet, EUR million

	2011	2010	2010	2010	2010
	31 Mar	31 Dec	30 Sep	30 Jun	31 Mar
Goodwill	421.3	422.9	419.3	416.2	411.5
Other intangible assets	93.4	51.4	52.7	53.4	45.0
Property, plant and equipment	119.5	121.2	111.5	106.3	104.7
Other non-current assets	67.4	67.2	74.5	63.6	66.1
<i>Total non-current assets</i>	701.6	662.7	658.0	639.5	627.3
Trade receivables and other current assets	494.7	479.9	451.6	473.4	461.4
Cash and cash equivalents	113.4	98.0	51.7	58.9	98.4
<i>Total current assets</i>	608.1	577.9	503.3	532.3	559.8
Assets classified as held for sale	-	-	-	-	4.4
Total assets	1 309.7	1 240.6	1 161.3	1 171.8	1 191.5
<i>Total equity</i>	520.3	557.5	550.9	523.6	507.2
Non-current loans	185.6	151.4	152.6	153.8	155.2
Other non-current liabilities	66.7	65.5	66.3	61.8	61.3
<i>Total non-current liabilities</i>	252.3	216.9	218.9	215.6	216.5
Trade payables and other current liabilities	486.3	421.2	367.4	404.4	427.5
Provisions	37.7	40.1	19.9	24.6	33.3
Current loans	13.1	4.9	4.2	3.6	3.3
<i>Total current liabilities</i>	537.1	466.2	391.5	432.6	464.1
Liabilities classified as held for sale	-	-	-	-	3.7
Total equity and liabilities	1 309.7	1 240.6	1 161.3	1 171.8	1 191.5

Cash flow, EUR million

	2011	2010	2010	2010	2010
	1-3	10-12	7-9	4-6	1-3
Cash flow from operations					
Net profit	13.4	1.4	24.4	11.7	12.0
Adjustments	35.6	24.6	23.8	26.8	30.5
Change in net working capital	0.2	59.8	-28.1	-9.2	-9.9
Cash generated from operations	49.2	85.8	20.1	29.3	32.6
Net financial expenses paid	-2.5	-4.9	-3.0	-0.8	1.9
Income taxes paid	-7.9	-8.5	-2.0	-1.0	-6.6
Net cash flow from operations	38.8	72.4	15.1	27.5	27.9
Net cash used in investing activities from operations	-19.8	-26.1	-21.3	-28.8	-15.7
Net cash used in financing activities from operations	-5.8	-0.5	-0.7	-36.8	-40.0
Change in cash and cash equivalents	13.2	45.8	-6.9	-38.1	-27.8
Cash and cash equivalents at beginning of period	-98.0	-51.7	-58.9	-98.4	-123.3
Foreign exchange differences	-2.2	-0.5	0.3	1.4	-2.9
Cash and cash equivalents at end of period	113.4	98.0	51.7	58.9	98.4
	13.2	45.8	-6.9	-38.1	-27.8

QUARTERLY FIGURES BY SEGMENTS

Net sales by market unit, EUR million

	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Finland and the Baltic countries	185	202	168	188	185
Scandinavia	141	134	105	118	111
Central Europe & Russia	31	33	30	32	31
Global Accounts	190	186	159	175	172
Group elimination	-86	-82	-75	-82	-77
Group total	462	472	387	431	423

Net sales by business line, EUR million

	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Industry Solutions	144	155	119	134	130
Enterprise Solutions	52	50	41	45	47
Managed services and transformation	175	179	151	168	159
Product Engineering Solutions	90	91	77	85	87
Group total	462	472	387	431	423

Net sales by customer sector, EUR million

	2011 1-3	2010 10-12	2010 7-9	2010 4-6	2010 1-3
Telecom	147	150	131	146	142
Finance	96	97	82	90	88
Industry sectors	219	225	173	194	193
Group total	462	472	387	431	423

Operating profit (EBIT) by country, EUR million

	2011	2010	2010	2010	2010
	1-3	10-12	7-9	4-6	1-3
Finland and the Baltic countries	13.1	16.0	16.4	14.6	15.5
Scandinavia	4.8	7.2	4.9	5.5	3.9
Central Europe & Russia	-5.0	-14.2	-3.9	-4.2	-2.0
Global Accounts	15.6	12.3	17.7	17.8	12.2
Steering Functions and Group Management	-5.0	-14.9	-7.4	-14.2	-10.8
Operating profit (EBIT)	23.6	6.4	27.7	19.5	18.9

Operating margin (EBIT) by country, %

	2011	2010	2010	2010	2010
	1-3	10-12	7-9	4-6	1-3
Finland and the Baltic countries	7.1	8.0	9.8	7.8	8.4
Scandinavia	3.4	5.4	4.7	4.7	3.5
Central Europe & Russia	-15.9	-42.8	-12.8	-13.3	-6.5
Global Accounts	8.2	6.6	11.1	10.2	7.1
Operating margin (EBIT)	5.1	1.4	7.2	4.5	4.5

Major shareholders on 31 March 2011

	Shares	%
1 Solidium Oy	7 415 418	10.3
2 OP-Pohjola Group	4 442 956	6.2
3 Swedbank Robur fonder	3 547 231	4.9
4 Varma Mutual Pension Insurance Co.	2 859 749	4.0
5 Ilmarinen Mutual Pension Insurance Co.	2 614 367	3.6
6 Tapiola Pension	1 830 000	2.5
7 Svenska Litteratursällskapet i Finland	1 756 300	2.4
8 The State Pension Fund	873 167	1.2
9 Etera Mutual Pension Insurance Co.	643 851	0.9
10 Pekka Viljakainen	642 647	0.9
	<hr/>	
	26 625 686	37.0
Nominee registered	29 319 897	40.7
Others	16 077 590	22.3
Total	<hr/> 72 023 173	<hr/> 100.0

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

According to the latest information, Cevian Capital's holding on 14 March 2011 was 5 546 191 shares which represents 7.7% 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, at 2.30 pm EET (1.30 pm CET. 12.30 pm UK time). The results will be presented in English by Seppo Haapalainen, CFO. Additionally, Ari Karppinen, acting President and CEO, and Markku Pohjola, Chairman of the Board of Directors, will be available for questions.

The conference will be webcasted and published live on Tieto's website www.tieto.com 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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