

TIETO-X STRENGTHENS ITS SYMBIAN SOFTWARE DEVELOPMENT COMPETENCE

Tieto-X PLC has on 6 October 2005 signed agreements that commit the company to acquire the entire share capital of Oulu-based Vega Technologies Oy, a company offering Symbian software development services, for a total amount not exceeding EUR 8.5 million. Of the acquisition price, EUR 4.6 million will be paid by 14 October, and the remaining amount, not to exceed EUR 3.9 million, in January 2006, provided that the profitability targets agreed upon for the company are met.

Vega, which started its operations in 2001 and has grown strongly and profitably, has over 80 employees in Oulu, Rovaniemi, Tampere and Espoo. A majority of the employees are Symbian software developers.

The company's turnover in 2004 was EUR 3.2 million, and operating profit was EUR 0.9 million. The turnover for 2005 will climb to approximately EUR 5.3 million, and operating profit to EUR 1.3 million. The company's shareholders' equity on 31 December 2005 is estimated to be approximately EUR 2 million. The company's main customer is a hardware vendor operating on the global mobile communication device and smartphone markets. Other customers include companies operating in the telecommunications field in Finland and the Nordic Countries.

The entire personnel of Vega Technologies Oy will move to Tieto-X with existing status and benefits.

The sellers are, among others, the founder and CEO of the company, Mr. Jorma Hanhimäki and a group of employees of the company.

"Since 2002 Tieto-X has determinedly implemented its strategy, in line with which software development services for the telecommunications sector have been formed into a second supporting leg beside the company's long-established systems software services. In accordance with this strategy, Vega Technologies will significantly strengthen our competence in Symbian software development, improve our project delivery capabilities, as well as deepen customer relationships important to us," says Tieto-X President and CEO Mr. Kari Happonen.

"Vega's skilled personnel will excellently strengthen our capability to provide a wider range of services to manufacturers of mobile communication devices and smartphones. By joining our resources we'll climb up among the world's leading Symbian houses. Our services comprise design and implementation of mobile phone and smartphone software, as well as productised integration and testing services. We believe that the competence and capability of Tieto-X's over 260 telecommunications experts will help our customers to reach brilliant results in their efforts to develop new products and services," says Mr. Kari Liuska, director of Tieto-X Telecommunications.

"We've been able to grow strongly and to offer our customers high-quality services, first and foremost thanks to our highly competent and committed personnel. As the customerships deepen and become more extensive, the requirements related to competence, capacity and resources grow at such challenging speed that we believe joining Tieto-X will satisfy our customers' future needs, and also ensure that Vega's personnel get the best possible job development opportunities," says Mr. Jorma Hanhimäki, founder and CEO of Vega Technologies Oy.

To finance the acquisition, Tieto-X has agreed on a non-equity financing package of maximum EUR 7 million.

Tieto-X operates in the IT service market, offering its customers flexible software development and maintenance services that support their competitiveness and risk management. Tieto-X's clientele comprises mobile phone and smartphone manufacturers operating on the international markets, and leading Finnish finance, industry and ICT companies as well as public administration organisations. In addition to the Helsinki Metropolitan area, Tieto-X operates in Jyväskylä, Kemi, Oulu, Salo and Tampere. After the acquisition the company has a personnel of approximately 420.

The Tieto-X PLC share is listed on the Helsinki Stock Exchange's NM list. The company's turnover in 2004 was EUR 24.5 million, and operating profit (IFRS) was EUR 2.9 million.

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