

TIETO-X STRENGTHENS ITS PROJECT MANAGEMENT SERVICES

Tieto-X Plc today signed a contract by which it acquires the entire share capital of Service 4 Mobile Oy (S4M), a company offering project management consulting services. Tieto-X aims to develop its offering of large scale project management services directed especially to customers in finance and telecom sectors and in public administration.

S4M, which started operations in 2000, has 14 employees of which 11 work as project management consultants in extensive systems projects, mainly in the telecoms sector. The company's customer projects also employ several subcontractor consultants.

The company's turnover for the financial period 1 September 2004 - 31 August 2005 was EUR 1.75 million and net profit was EUR 0.38 million. The turnover for the financial period ending on 31 August 2006 is estimated to climb to EUR 2.9 million and the profit for the period to EUR 0.43 million. The company's customers mainly comprise telecoms hardware manufacturers and operators.

The entire personnel of S4M will move to Tieto-X with existing status and benefits.

The seller is Timo Kaisla, the founder of the company, and his family. The base acquisition price is approximately EUR 1.24 million, added with the company's shareholders' equity. A total amount of EUR 371,000 of the base acquisition price will be paid as Tieto-X Plc shares by offering Timo Kaisla to subscribe 70,000 new Tieto-X Plc shares at EUR 4.53 per share. The remaining part of the base acquisition price will be paid as cash. In addition, the sellers can be paid an additional acquisition price of approximately EUR 1.6 million if the growth and profitability objectives set for Service 4 Mobile Oy for the years 2006 and 2007 are met.

The 70,000 Tieto-X's shares that Timo Kaisla receives as base acquisition price will be subject to a transfer restriction: 35,000 shares will be transferred to Kaisla on 1 January 2008, and the remaining 35,000 will be transferred on 1 January 2009.

"S4M's top class skills and strong experience of managing very demanding and extensive systems projects significantly enhances Tieto-X's aspirations to offer its customers more sophisticated methods to manage the risks related to ICT projects and tools to improve competitiveness", says Kari Happonen, President and CEO of Tieto-X Plc.

SM4 will be formed into Tieto-X Group's project management competence centre whose skills and consultation resources will be utilized in services related to project management of software and systems projects as well as in the management of Tieto-X software production services with comprehensive responsibility.

"The skilled personnel of S4M improve our project delivery readiness and strengthen our capabilities to provide more comprehensive services to our

customers both in the telecoms sector and other business sectors important to us. We believe that S4M's competence and experience can be utilized not only in the projects related to our telecom operator clients and telecom hardware manufacturers but also in the project management services that we offer to our customers in the finance and public administration sectors," Happonen continues.

"Our customers have in particular valued our experience of large-scale projects and our capabilities to work as their consultants and supervisors, independent of suppliers and system integrators. Tieto-X's strategy supports the value we provide our customers in the best possible way – operating as part of Tieto-X makes it possible for us to remain independent," says Timo Kaisla, founder and CEO of Service 4 Mobile.

"Tieto-X offers excellent opportunities for our personnel to develop their project management skills, to participate in projects of several different business sectors as well as to shoulder responsibility in a bigger organisation. Our personnel enjoy their work, have diversified skills and work very efficiently – this means better service to the customer."

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 leading mobile and smartphone manufacturers operating on the international markets, as well as Finnish finance corporations and public administration organisations. In addition to the Helsinki Metropolitan area, Tieto-X operates in Jyväskylä, Kemi, Oulu, Rovaniemi, Salo and Tampere. The company has a personnel of over 460.

The Tieto-X Plc share is listed on the Helsinki Stock Exchange's NM list. The company's turnover in 2005 was EUR 27.4 million and the operating profit (IFRS) was EUR 2.5 million.

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