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Press release
23 October 2017

TIETO ANNOUNCES A RECOMMENDED PUBLIC CASH OFFER TO THE SHAREHOLDERS OF AVEGA

Tieto Sweden AB ("**Tieto**"), a directly wholly owned subsidiary of Tieto Oyj¹, hereby announces a recommended public offer to the shareholders of Avega Group AB (publ) ("**Avega**") to transfer all shares of class A as well as class B in Avega (the "**Shares**") to Tieto (the "**Offer**"). The Shares of class B are admitted to trading on Nasdaq Stockholm, Small Cap. The shares of class A are not admitted to trading.

THE OFFER IN BRIEF

- Tieto Group sees strong commercial and financial potential in a combination of Tieto Group and Avega. The consulting capabilities of Avega and its specialist competence within digital transformation would strengthen Tieto Group's position on the Swedish consulting-led market. Tieto Group sees Avega as a successful Swedish consulting company with a strong brand and competent management and employees. Together with the current management of Avega, it is Tieto Group's intention that Avega will form the core of Tieto Group's Business Consulting and Implementation and business renewal capabilities in Sweden. The overall ambition is to build on the competence of all Avega's employees combined with Tieto Group's resources and expertise to further develop offerings, competence and customer base.
- Tieto offers SEK 40 in cash per Share in Avega, regardless of share class, assuming no dividends or other value transfers by Avega. The Offer represents a valuation of Avega corresponding to approximately SEK 462 million.²
- The Offer represents (a) a premium of approximately 19.0 per cent compared to the closing price of SEK 33.6 for the class B share in Avega on Nasdaq Stockholm on 20 October 2017, which was the last trading day prior to the announcement of the Offer, (b) a premium of approximately 24.7 per cent compared to the volume-weighted average share price of SEK 32.1 for the class B share in Avega on Nasdaq Stockholm during the last 30 trading days up to and including 20 October 2017, (c) a premium of approximately 37.1 per cent compared to the volume-weighted average share price of SEK 29.2 for the class B share in Avega on Nasdaq Stockholm during the last 90 trading days up to and including 20 October 2017, and (d) a premium of approximately 48.7 per cent compared to the volume-weighted average share price of SEK 26.9 for the class B share in Avega on Nasdaq Stockholm during the last 180 trading days up to and including 20 October 2017.
- The board of directors of Avega has unanimously decided to recommend Avega's shareholders to accept the Offer.
- The acceptance period for the Offer is expected to commence on or around 26 October 2017 and expire on or around 28 November 2017.
- Avega's three largest shareholders in terms of votes – Jan Rosenholm, Lars-Erik Eriksson and Mats Schultze – have undertaken to, subject to certain conditions, accept the Offer. The undertakings cover in total approximately 33.2 per cent of the total number of shares and approximately 72.8 per cent of the total number of votes in Avega.

Kimmo Alkio, President and CEO of Tieto Group comments

"We look forward to warmly inviting Avega colleagues to the Tieto Group and jointly further develop our consulting-led business in Sweden – and across the Nordics. The acquisition will enable us to provide customers with extensive services covering consulting, industry software and managed services. This is a logical step in our strategy of aiming to accelerate our role as the preferred partner for business renewal for our customers," comments Kimmo Alkio, Tieto Group's President and CEO.

BACKGROUND AND REASONS TO THE OFFER

Tieto Group is one of the leading IT services and software provider in the Nordic countries, headquartered in Espoo, Finland. Avega is a Swedish IT consulting company specialised in digital transformation. Avega has approximately 350 employees and its revenue in 2016 amounted to approximately SEK 428 million.

¹ Tieto Oyj, together with its subsidiaries, are referred to as "**Tieto Group**".

² Based on 1,866,670 outstanding shares of class A and 9,678,680 outstanding shares of class B.

Tieto Group sees strong commercial and financial potential in a combination of Tieto Group and Avega. The consulting capabilities of Avega and its specialist competence within business applications would strengthen Tieto Group's position on the Swedish consulting-led market. Furthermore, a combination of Tieto Group and Avega would accelerate Tieto Group's growth in businesses such as Customer Experience Management, which is one of the fastest growing areas in IT services. The acquisition of Avega would provide Tieto Group with the opportunity to accelerate its broad service and software portfolio and hence contribute to Tieto Group's objective of becoming the preferred advisory and modernisation partner in the group's Nordic core markets.

Tieto Group sees Avega as a successful Swedish consulting company with a strong brand and competent management and employees. Together with the current management of Avega, it is Tieto Group's intention that Avega will form the core of Tieto Group's Business Consulting and Implementation and business development capabilities in Sweden. The overall ambition is to build on the competence of all Avega's employees combined with Tieto Group's resources and expertise to further develop offerings, competence and customer base.

The Swedish consulting and implementation market is expected to grow annually by 5–8 per cent in the coming years and Tieto Group and Avega together are anticipated to drive growth in line with this service segment, outperforming the Swedish IT services market on average.

The retail sector represents 30 per cent and the manufacturing sector 21 per cent of Avega's sales, with the remainder accounted for by customers in the financial services, telecom, public and logistics sectors. Avega's growth and profitability contribute to Tieto Group's ambitions. In January–June 2017, Avega's net sales growth was strong at 9 per cent and operating margin (EBIT) was 10.7 per cent (9.4 per cent). In 2016, operating margin was 8.9 per cent. Based on the Offer, the transaction is expected to be value accretive to the Tieto Group.

Tieto Group does not anticipate that the Offer will result in any material changes for Avega's or Tieto Group's respective employees and management (including current terms of employment) or the location of Avega's operational sites. Tieto Group is of the opinion that a completion of the Offer is favourable for both companies' shareholders. Tieto Group will enhance its access to Swedish consulting capabilities and Avega will be provided with the opportunity to accelerate its development as a part of a larger Nordic company.

THE OFFER

General and the value of the Offer

Tieto offers SEK 40 in cash per Share in Avega, regardless of share class. The Offer represents a valuation of Avega corresponding to approximately SEK 462 million.³

Adjustment of the consideration etc.

In the event that Avega should pay any dividend or make any other value transfer prior to the settlement of the Offer, the consideration per Share, regardless of share class, will be reduced correspondingly.

No commission will be charged in connection with the Offer.

Premium

The consideration under the Offer represents a premium of:⁴

- approximately 19.0 per cent compared to the closing price of SEK 33.6 for the class B share in Avega on Nasdaq Stockholm on 20 October 2017, which was the last trading day prior to the announcement of the Offer;
- approximately 24.7 per cent compared to the volume-weighted average share price of SEK 32.1 for the class B share in Avega on Nasdaq Stockholm during the last 30 trading days up to and including 20 October 2017;
- approximately 37.1 per cent compared to the volume-weighted average share price of SEK 29.2 for the class B share in Avega on Nasdaq Stockholm during the last 90 trading days up to and including 20 October 2017; and
- approximately 48.7 per cent compared to the volume-weighted average share price of SEK 26.9 for the class B share in Avega on Nasdaq Stockholm during the last 180 trading days up to and including 20 October 2017.

RECOMMENDATION FROM THE BOARD OF DIRECTORS OF AVEGA

The board of directors of Avega unanimously recommends Avega's shareholders to accept the Offer.⁵

The board of directors of Avega has engaged Evli Corporate Finance AB as financial advisor who has supported the board of directors in its analysis, evaluation and assessment of the Offer. The board of directors of Avega has also obtained a fairness

³ Based on 1,866,670 outstanding class A shares and 9,678,680 outstanding class B shares.

⁴ Source for Avega's share price: Nasdaq Stockholm.

⁵ As a consequence of Jan Rosenholm's and Lars-Erik Eriksson's undertakings to, under certain terms, accept the Offer (see "Undertakings to accept the Offer" below), neither Jan Rosenholm or Lars-Erik Eriksson have participated in the Avega board of directors' evaluation of, or decisions regarding, the Offer.

opinion from BDO Corporate Finance (“BDO”), according to which, based on assumptions and reservations stated in the opinion, the Offer is fair for the shareholders of Avega from a financial point of view.

The recommendation from the board of directors of Avega and BDO’s fairness opinion will be made public today by Avega through a separate press release.

CONDITIONS FOR THE OFFER

Completion of the Offer is conditional upon:

1. the Offer being accepted to such extent that Tieto becomes the owner of shares representing more than 90 per cent of the total number of the outstanding shares in Avega, on a fully diluted basis;
2. no other party announcing an offer to acquire shares in Avega on terms that are more favourable to the shareholders of Avega than the Offer;
3. all regulatory, governmental or similar clearances, approvals and decisions and the resolution of any investigations of or proceedings challenging the transaction necessary to complete the Offer and the acquisition of Avega, including approvals and clearances from competition authorities, being obtained, in each case on terms which, in Tieto’s opinion, are acceptable, and that no arrangements that question or aim to stop, restrict or prohibit the transaction are ongoing or threatening;
4. neither the Offer nor the acquisition of Avega being rendered partially or wholly impossible or significantly impeded as a result of legislation or other regulation, any decision of court or public authority, or any similar circumstance, which has occurred or can reasonably be anticipated to occur, and which Tieto could not reasonably have foreseen at the time of announcement of the Offer;
5. no circumstances, except for such circumstances which Tieto had knowledge of, or reasonably could have anticipated, at the time of announcement of the Offer, having occurred which have or could reasonably be expected to have a material adverse effect on Avega’s sales, results, liquidity, solidity, equity or assets;
6. no information made public by Avega or disclosed by Avega to Tieto being materially inaccurate, incomplete or misleading, and Avega having made public all information which should have been made public by Avega; and
7. Avega not taking any measures that typically are liable to impair the prerequisites for making or implementing the Offer.

Tieto reserves the right to withdraw the Offer in the event that it is clear that any of the above conditions is not satisfied or cannot be satisfied. With regard to conditions 2–7, the Offer may only be withdrawn provided that the non-satisfaction of such condition is of material importance to Tieto’s acquisition of Avega, or if otherwise approved by the Swedish Securities Council.

Tieto reserves the right to waive, in whole or in part, one, several or all of the conditions set out above, including, with respect to condition 1, to complete the Offer at a lower level of acceptance. Failure by Tieto to, at any point in time, assert any of the previously described rights shall not constitute a waiver of any such right.

FINANCING OF THE OFFER

The Offer is not subject to any financing condition. Tieto Group will finance the Offer through cash available from Tieto Group’s own funds and available credit facilities.

Tieto Oyj has undertaken to provide Tieto with the funds required to complete the Offer.

TIETO’S SHAREHOLDING IN AVEGA

At the time of this press release, neither Tieto, nor any company within Tieto Group, owns or controls any shares in Avega or any financial instruments in Avega that lead to a financial exposure corresponding to a holding of shares in Avega. In addition, neither Tieto, nor any company within the Tieto Group, has, during the last six months prior to the Offer was made public, acquired or committed to acquire any shares or financial instruments in Avega that lead to a financial exposure corresponding to a holding of shares in Avega.

For information about undertakings from larger shareholders to accept the Offer, see “*Undertakings to accept the Offer*” below.

Tieto Group, its advisors, brokers or other persons that act as intermediaries for, or by instructions from, Tieto Group, may, in accordance with, and considering the limitations that follow by applicable laws, regulations and rules, take actions with the purpose to acquire shares in Avega, including acquisitions on the open market at current prices or in private transactions at negotiated prices.

Such acquisitions, or actions made with the purpose to acquire shares in Avega, may potentially be made up until the end of the acceptance period and after completion of the Offer. Any such acquisitions will be made in accordance with applicable laws, rules and regulations.

No such acquisitions can be made to prices that are higher than the consideration that is offered in the Offer, or on terms that are more beneficial than the terms of the Offer, unless the value and other terms of the Offer are adjusted accordingly.

UNDERTAKINGS TO ACCEPT THE OFFER

Avega's three largest shareholders in terms of votes – Jan Rosenholm, Lars-Erik Eriksson and Mats Schultze – have through separate agreements, entered into during September 2017, undertaken to accept the Offer subject to certain conditions. The undertakings cover in total 1,866,670 class A shares and 1,970,830 class B shares in Avega, equivalent to approximately 33.2 per cent of the total number of shares and approximately 72.8 per cent of the total number of votes in Avega. The undertakings are subject to, *inter alia*, that no other party makes a competing public offer to acquire the Shares at a consideration per Share exceeding the consideration in the Offer by more than ten per cent (or, in the event of subsequent increases of the consideration in such competing offer, with more than five per cent) and that Tieto decides not to, within five working days, match the competing offer by an increase of the consideration in the Offer which exceeds the consideration in the competing offer by at least five per cent. The undertakings are also subject to the Offer being completed no later than the 31 January 2018.

TREATMENT OF HOLDERS OF WARRANTS IN AVEGA

Avega has issued warrants (Sw. *teckningsoptioner*) as part of its incentive program. The Offer does not encompass these warrants. Tieto intends to ensure that the holders of the warrants are afforded reasonable treatment in connection with the Offer.

DUE DILIGENCE

Tieto has, in connection with the preparation of the Offer, and after consent by the board of directors of Avega, carried out a limited confirmatory due diligence investigation of Avega. The due diligence investigation has primarily consisted of meetings with members of Avega's board of directors and management and a limited review of documents. Avega has informed Tieto that, apart from information disclosed in Avega's interim report for the period January–September 2017 which will be made public today by Avega through a separate press release, no information which is considered inside information according to Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse has been disclosed to Tieto during the course of the due diligence investigation.

DESCRIPTION OF TIETO

Tieto Sweden AB is a Swedish private limited liability company, corporate identity number 556052-7466, with its headquarters in Stockholm and is directly wholly owned by Tieto Oyj. Tieto Oyj is a Finnish public limited liability company, corporate identity number 0101138-5, with its headquarter in Espoo, Finland. Tieto Oyj is listed on Nasdaq Helsinki and Nasdaq Stockholm. Tieto Group was founded in 1968 in Finland and is today one of the leading IT service providers in the Nordic countries. Tieto Group offers a broad range of IT services, software-based industry solutions and product development services within the communications and embedded technologies area to some 900 customers⁶ within both the private and the public sector. Finland, Sweden and Norway are Tieto Group's main markets, accounting for 45 per cent, 38 per cent and 11 per cent, respectively, of net sales in 2016. Tieto Group has approximately 13,000 employees and operations in 23 countries.⁷ The largest shareholders of Tieto Oyj are Cevian Capital, Silchester International Investors LLP and Solidium, a fund held by the Finnish government, together owning approximately 35 per cent of the shares in the company.⁸

Tieto Group's net sales in 2016 was approximately EUR 1,493 million and the group's total assets amounted to approximately EUR 1,075 million. The market capitalisation per 20 October 2017 was approximately EUR 1,991 million.

PRELIMINARY TIMETABLE

The offer document for the Offer is expected to be made public on or around 25 October 2017. The acceptance period for the Offer is expected to commence on or around 26 October 2017 and will end on or around 28 November 2017.

Subject to the Offer being declared unconditional no later than on or around 1 December 2017, settlement is expected to begin on or around 7 December 2017.

Tieto reserves the right to extend the acceptance period for the Offer, as well as the right to postpone the settlement date. A notice of any such extension(s) or postponement(s) will be announced by Tieto by means of press release(s) in accordance with applicable rules and regulations.

The acquisition of Avega will be reported to the Swedish Competition Authority (Sw. *Konkurrensverket*) and the necessary approval is expected to be received prior to the end of the acceptance period set forth above.

COMPULSORY ACQUISITION AND DE-LISTING

In the event that Tieto becomes the owner of shares representing more than 90 per cent of the shares in Avega, Tieto intends to commence compulsory acquisition proceedings under the Swedish Companies Act (Sw. *Aktieföretagslagen (2005:551)*) to

⁶ According to the annual report 2016.

⁷ According to the annual report 2016.

⁸ Shareholdings (30 June 2017).

acquire all remaining shares in Avega. In connection therewith, Tieto intends to promote a de-listing of the class B shares in Avega from Nasdaq Stockholm.

APPLICABLE LAW AND DISPUTES

The Offer, and the agreements entered into between Tieto and Avega's shareholders pursuant to the Offer, shall be governed by and construed in accordance with the laws of Sweden. The courts of Sweden shall have exclusive jurisdiction over any dispute arising out of or in connection with the Offer and the district court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

For the Offer Nasdaq Stockholm's Rules Regarding Takeover Offers (1 February 2015) (the "**Takeover Rules**") and the Swedish Securities Council's (Sw. *Aktiemarknadsnämnden*) rulings regarding the interpretation and application of the Takeover Rules and, where applicable, the Swedish Securities Council's interpretation and application of the formerly applicable Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee (Sw. *Näringslivets Börskommitté*) apply.

In accordance with the Swedish Takeover Act (Sw. *lag (2006:451) om offentliga uppköpserbudanden på aktiemarknaden*), Tieto has, on 23 October 2017, undertaken towards Nasdaq Stockholm to comply with the Takeover Rules and submit to any sanctions imposed by Nasdaq Stockholm in the event of breach of the Takeover Rules and the Swedish Securities Council's rulings regarding the interpretation and application of the Takeover Rules and, where applicable, the Swedish Securities Council's interpretation and application of the formerly applicable Rules on Public Offers for the Acquisition of Shares issued by the Swedish Industry and Commerce Stock Exchange Committee. Tieto informed the Swedish Financial Supervisory Authority about the Offer and the undertaking towards Nasdaq Stockholm on 23 October 2017.

ADVISORS

Tieto has engaged Danske Bank as financial advisor and Gernandt & Danielsson Advokatbyrå as legal advisor in relation to the Offer.

ADDITIONAL INFORMATION

Questions from the media should be directed to:

Kia Haring, Head of Global Communications and Corporate Responsibility, tel. +358 40 765 3700, e-mail kia.haring@tieto.com

Questions from investors should be directed to:

Lasse Heinonen, CFO, tel. +358 2072 66329, +358 50 393 4950, e-mail lasse.heinonen@tieto.com

Additional information about the Offer is available at: www.tieto.com/Avega.

The information in this press release has been published in accordance with the Takeover-rules. This press release was submitted for publication on 23 October 2017 at 08:45 (CET).

IMPORTANT INFORMATION

The Offer is not being made to persons whose participation in the Offer requires that additional offer documents are prepared or registration effected or that any other measures are taken in addition to those required under Swedish law. This press release and any documentation relating to the Offer is not being published in or distributed to or into and must not be mailed or otherwise distributed or sent in or into any country in which the distribution or offering would require any such additional measures to be taken or would be in conflict with any applicable law or regulation in such country. No such action will be permitted or sanctioned by Tieto. Any purported acceptance of the Offer resulting directly or indirectly from violation of these restrictions may be considered invalid and be disregarded.

The Offer is not being made, directly or indirectly, in or into Australia, Hong Kong, Japan, Canada, New Zealand, South Africa or the USA by use of mail, any means of communication used in national or international trade or on any national stock exchange or trading platform or by any other means of communication (including, without limitation, facsimile transmission, electronic mail, telex, telephone and the Internet) in Australia, Hong Kong, Japan, Canada, New Zealand, South Africa or the USA and the Offer may not be accepted by or with any such means of communication in or from Australia, Hong Kong, Japan, Canada, New Zealand, South Africa or the USA. Neither this press release nor any other documentation relating to the Offer is being, and must not be, sent, posted or distributed in any other manner in Australia, Hong Kong, Japan, Canada, New Zealand, South Africa or the USA. Banks, brokers, dealers and other nominees holding shares for persons in Australia, Hong Kong, Japan, Canada, New Zealand, South Africa or the USA must not forward this press release or any other document received in connection with the Offer to such persons. Tieto will not pay any consideration according to the Offer in or to Australia, Hong Kong, Japan, Canada, New Zealand, South Africa or the USA.

Statements in this press release relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other consequences of the Offer, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "anticipates", "intends", "is planned", "will", "maybe will", "shall", "should", "expects", "is intended", "is deemed", "is expected", "believes", or similar expressions.

This press release has been made public in English and Swedish. In the event of any discrepancy between the English and the Swedish language versions, the Swedish version shall prevail.

Forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Tieto. Any such forward-looking statements speak only as of the date on which they are made and Tieto has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except as required by the Takeover Rules or other applicable laws and regulations.