

Company announcement 1/2017 Søborg/Copenhagen, January 25, 2017

Financial report for 2016 and Annual General Meeting 2017

NNIT delivers organic revenue growth of 6.3% and an operating profit margin of 10.6% in 2016.

Performance highlights for 2016

- Revenue increased by 6.3% to DKK 2,765m in reported currencies and by 6.4% in constant currencies. Revenue increased by 18.8% from customers outside the Novo Nordisk Group while revenue from the Novo Nordisk Group declined by 5.9%
- Operating profit margin was 10.6% in reported currencies and 10.1% in constant currencies compared to 10.3% as reported in 2015
- Operating profit increased by 8.8% to DKK 293m in reported currencies driven by improved results in IT Operation Services
- Net profit increased by 1.5% to DKK 216m as the improvement in operating profit was partly countered by a loss on currency hedges, a negative value adjustment of the Novo Nordisk shares used to hedge NNIT's long term incentive program before 2015 and an increase in the effective tax rate
- Free cash flow was DKK 188m which is DKK 22m below 2015 due to investments in a new data center
- Order backlog for 2017 at the beginning of Q1 2017 increased by DKK 73m to DKK 2,093m which is a growth of 3.6% compared to the order backlog for 2016 at the beginning of Q1 2016
- Outlook for 2017 in constant currencies:
 - Revenue is forecasted to grow 1-5% in constant currencies. The revenue growth outlook is below NNIT's long-term target of at least 5% due to a decline in the backlog from the Novo Nordisk Group
 - Operating profit margin is forecasted to be around 10% in constant currencies
 - The expected level of investments in 2017 is 12-14% of total revenue as the majority of investment related to an additional data center will impact 2017

Per Kogut, CEO at NNIT comments: *"The 2016 results confirm the robustness of NNIT's operating model showing a 10.6% profit margin in this highly competitive market. I find it particularly reassuring that we are able to counter a declining revenue from the Novo Nordisk Group by growing our business with other customers by 18.8%. Generating 6.3% growth is in line with guidance and strategy and well above the market average."*

Financial Overview

DKK million	Q4 2016 (reported)	Q4 2016 (constant)*	Q4 2015*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	769	769	723	6.4%	6.4%
Gross margin	21.1%	20.7%	21.9%	-0.8pp	-1.2pp
Operating profit	97	93	93	4.7%	0.8%
Operating profit margin	12.6%	12.1%	12.8%	-0.2pp	-0.7pp
Net profit	72	n.a.	68	6.0%	n.a.
Investments	55	n.a.	30	84.4%	n.a.
Free cash flow	70	n.a.	88	-20.6%	n.a.

*Constant currencies measured using average exchange rates for 2015

DKK million	2016 (reported)	2016 (constant)*	2015*	Pct./pp Change (reported)	Pct./pp Change (constant)
Revenue	2,765	2,767	2,600	6.3%	6.4%
Gross margin	19.6%	19.2%	19.9%	-0.3pp	-0.7pp
Operating profit	293	280	269	8.8%	4.0%
Operating profit margin	10.6%	10.1%	10.3%	0.2pp	-0.2pp
Net profit	216	n.a.	212	1.5%	n.a.
Investments	168	n.a.	136	23.3%	n.a.
Free cash flow	188	n.a.	211	-10.7%	n.a.

*Constant currencies measured using average exchange rates for 2015

Guidance 2017

The order backlog for 2017 at the beginning of Q1 2017 increased by DKK 73m, or by 3.6%, to DKK 2,093m compared to the order backlog for 2016 at the beginning of Q1 2016. Order backlog from the Novo Nordisk Group was 1.4% lower while the order backlog from other customers was 8.4% higher.

The guidance for the 2017 revenue growth is 1-5% in constant currencies due to lower expected revenue from the Novo Nordisk Group. Due to the expected drop in revenue from higher margin projects in the Novo Nordisk Group and price reductions on existing customer contracts, the operating profit margin in constant currencies is expected to be around 10% compared to 10.6% in 2016. The long-term target for revenue growth of at least 5% is maintained as lower revenue from the Novo Nordisk Group is expected to be offset by revenue growth from other customer groups. Further, the long-term operating profit margin target of at least 10% is maintained as a positive impact from the operational excellence program in IT Operation Services is expected from 2018 and onwards.

	Guidance for 2017	Long-term targets
Revenue growth		
In constant currencies*	1-5%	-
as reported**	Around 0.1pp higher	≥ 5%
Operating profit margin		
In constant currencies*	Around 10%	-
as reported**	No impact	≥ 10%
Investments / Revenue***	12-14%	

*Constant currencies measured using average exchange rates for 2016

**Based on exchange rates as of January 18, 2017 as illustrated under key currency assumptions on page 24

***Investments including new customer and data center investments are in 2017 expected to be between 12-14% of total revenue of which around 7 percentage-points relates to the data center investment of around DKK 200m in 2017. The total data center investment is expected to be around DKK 250m in the period 2016 to 2018

About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of December 31, 2016 NNIT A/S had 2,809 employees.

For more information please visit www.nnit.com.

Conference call details

NNIT will host a teleconference January 25, 2017 at 10:30 CET about the financial report for the full year of 2016. Please visit the NNIT webpage at www.nnit.com to access the teleconference, which can be found under 'Investors – Downloads'. Presentation material will be available on the website approximately one hour prior to the start of the presentation.

Conference call details

Webcast link: <http://edge.media-server.com/m/p/cyfd9vnf>

Participant telephone

Numbers: Confirmation code 8846618

Participants, Local - Copenhagen, Denmark:	+45 32 71 16 60
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Financial Calendar 2017

March 8, 2017	Annual General Meeting
March 9, 2017	ex dividend date
March 10, 2017	Dividend record date
March 13, 2017	Dividend pay and value date
May 18, 2017	Interim report for the first three months of 2017
August 16, 2017	Interim report for the first six months of 2017
October 26, 2017	Interim report for the first nine months of 2017

Forward-looking statements

This announcement contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

Please also refer to the overview of risk factors in the 'risk management' section on page 29-31 in the Annual Report 2016.

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Financial figures and highlights

DKK million, reported currencies	Q4 2016	Q4 2015	2016	2015	12M change
Financial performance					
Revenue					
Life Sciences	431.2	479.4	1,597.0	1,649.7	-3.2%
<i>Hereof Novo Nordisk Group</i>	328.7	391.9	1,238.4	1,315.8	-5.9%
<i>Hereof other Life Sciences</i>	102.5	87.5	358.6	334.0	7.4%
Enterprise	170.5	97.9	545.6	384.7	41.8%
Public	103.5	92.1	385.3	375.1	2.7%
Finance	63.8	53.5	236.7	190.8	24.1%
Revenue by customer group	768.9	722.9	2,764.6	2,600.3	6.3%
IT Operation Services	515.6	490.7	1,823.7	1,740.4	4.8%
IT Solution Services	253.2	232.2	940.9	859.9	9.4%
Revenue by business area	768.9	722.9	2,764.6	2,600.3	6.3%
EBITDA	135.3	129.3	437.3	410.3	6.6%
Depreciations and amortizations	38.4	36.8	144.4	141.2	2.2%
Operating profit (EBIT)	96.8	92.5	292.9	269.1	8.8%
Net financials	-2.1	-0.5	-12.6	3.1	n/a
Net profit	72.2	68.2	215.7	212.4	1.5%
Investments in tangible and intangible assets	55.4	30.0	167.7	136.0	23.3%
Total assets	1,590.5	1,335.8	1,590.5	1,335.8	19.1%
Equity	846.5	740.8	846.5	740.8	14.3%
Dividends paid	0.0	0.0	145.5	83.7	73.8%
Free cash flow	70.1	88.3	188.4	210.8	-10.7%
Earnings per share					
Earnings per share (DKK)	2.98	2.81	8.89	8.76	1.5%
Diluted earnings per share (DKK)	2.90	2.74	8.67	8.54	1.5%
Employees					
Average number of full-time employees	2,809	2,535	2,677	2,494	7.3%
Financial ratios					
Gross profit margin	21.1%	21.9%	19.6%	19.9%	-0.3pp
EBITDA margin	17.6%	17.9%	15.8%	15.8%	0pp
Operating profit margin	12.6%	12.8%	10.6%	10.3%	0.2pp
Effective tax rate	23.7%	25.9%	23.0%	22.0%	1.1pp
Investments/Revenue	7.2%	4.2%	6.1%	5.2%	0.8pp
Return on equity ¹	27.2%	29.8%	27.2%	29.8%	-2.6pp
Solvency ratio	53.2%	55.5%	53.2%	55.5%	-2.2pp
Long-term financial metrics					
Revenue growth	6.4%	5.0%	6.3%	7.9%	-1.6pp
Operating profit margin	12.6%	12.8%	10.6%	10.3%	0.2pp
Return on invested capital (ROIC) ^{1, 2}	37.6%	38.3%	37.6%	38.3%	-0.7pp
Cash to earnings ¹	87.3%	99.2%	87.3%	99.2%	-11.9pp
Cash to earnings (three-year average) ¹	n.a.	n.a.	86.6%	93.2%	-6.6pp
Additional numbers³					
Order entry backlog for the current year	2,092.9	2,019.8	2,092.9	2,019.8	3.6%
Order entry backlog for the following years 2+3 ⁴	1,964.5	2,166.8	1,964.5	2,166.8	-9.3%

1) Financial metrics are moving annual total (MAT), i.e. annualized. Cash to earnings (three-year-average) is calculated using the past 36 months

2) Net profit/Average invested capital.

3) Backlog represents anticipated revenue from contracts or orders executed but not yet completed or performed in full, and the revenue that is expected to be recognized in the future.

4) Year 2+3 represents 2017 and 2018 in the 2016 column and 2016 and 2017 in the 2015 column etc.

Highlights

Below are the key highlights for Q4 2016 and the order backlog for 2017 at the beginning of Q1 2017.

Sales

The order backlog for 2017 at the beginning of Q1 2017 increased by DKK 73m to DKK 2,093m which is a growth of 3.6% compared to the order backlog for 2016 at the beginning of Q1 2016. The increase is primarily due to contract wins with new customers as well as expansion of contracts with existing customers in the enterprise and finance customer groups.

At the beginning of Q1 2017 the order backlog for 2018 and 2019 was 9.3% lower than the order backlog for 2017 and 2018 at the beginning of Q1 2016. The backlog growth is impacted by the expiry of several large outsourcing contracts which have not yet been renegotiated or retendered, especially with the Novo Nordisk Group. All renewals of these contracts will increase the order backlog.

Key wins in Q4 2016:

- New application support contract with PANDORA representing a high double-digit DKKm amount over a 4.5-year-period (press release December 29, 2016)
- New consultancy agreement with an international customer in the life sciences customer group representing a minor double-digit DKKm amount in 2017
- Extension and expansion of contracts with current customers
 - Application outsourcing contract extension with Lundbeck representing a high double-digit DKKm amount over a 4-year-period (press release December 21, 2016)
 - Operation outsourcing contract extension with the Novo Nordisk Group representing a mid-size double-digit DKKm amount over a 5-year-period
 - Various operation projects with a high degree of hardware content with the Novo Nordisk Group representing a mid-size double-digit DKKm amount in 2017
 - Operation outsourcing contract expansion with a customer in the finance customer group representing a low double-digit DKKm amount over a 5-year-period

Changes to NNIT Executive Management

- Executive Vice President, Head of IT Operation Services, Jess Julin Ibsen has decided to leave NNIT (company announcement 14/2016 December 12, 2016). He has been replaced by Senior Vice President Ricco Larsen, who joins NNIT Group Management. Ricco Larsen comes from a position as Corporate Vice President, Head of Global Operations at NNIT

Financial expectations and results 2016

	Realized 2016	Q3 2016 guidance	Q2 2016 guidance	Q1 2016 guidance	Annual report 2015 guidance	Long-term targets
Revenue growth						
In constant currencies*	6.4%	5-8%	5-8%	5-8%	At least 5%	-
as reported	0.1pp lower	Around 0.1pp lower	Around 0.1pp lower	Around 0.3pp lower	Around 0.0pp lower	≥ 5%
Operating profit margin						
In constant currencies*	10.1%	10-11%	10-11%	10-11%	10-11%	-
as reported	0.5pp higher	Around 0.5pp higher	Around 0.5pp higher	Around 0.6pp higher	Around 0.3pp higher	≥ 10%
Investments / Revenue	6.1%	Around 6%	6-7%	7-8%	5-6%	

*Constant currencies measured using average 2015 exchange rates.

Revenue increased by 6.4% in constant currencies in line with the latest guidance in October 2016 of "5-8%" and meets the guidance of 'at least 5%' provided at the release of the Annual Report 2015 in January 2016. Revenue in reported currencies was 0.1pp lower due to depreciation of key currencies.

Operating profit margin of 10.1% in constant currencies was at the low end of the guidance of "10-11%" provided in October 2016 and the guidance range provided in January 2016 mainly due to a reduction in higher margin projects from the Novo Nordisk Group and severance payments. In reported currencies the operating profit margin was 0.5pp higher, positively impacted by currency tailwind.

Investments divided by revenue were 6.1% in line with the latest guidance from October 2016 and above the guidance provided in January 2016 following the decision to invest in a new data center.

Annual General Meeting

The Annual General Meeting of NNIT A/S will be held on Wednesday March 8, 2017 at 2 pm at NNIT headquarters, Oestmarken 3A, 2860 Soeborg, Denmark.

The Chairman of the Board of Directors Jesper Brandgaard has informed that he is not seeking reelection. The Board of Directors intends to propose re-election of John Beck, Anne Broeng, Carsten Dilling, Eivind Kolding and Rene Stockner and election of Novo A/S' CFO Peter Haahr as new member of the Board of Directors. The Board of Directors further intends to propose election of Carsten Dilling as new Chairman and election of Peter Haahr as new Deputy Chairman.

The Board of Directors intends to propose re-election of PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab as the Company's accountant. Furthermore the Board of Directors intends to propose i) that the shareholders authorize the company to acquire treasury shares of up to 10 percent of the company's share capital. Further, the Board of Directors intends to propose ii) to amend the remuneration principles, and iii) that general meetings can be conducted in English and/or Danish while documents prepared for general meetings going forward shall be in English only.

Performance overview

DKK million (reported currencies)	Q4 2016	Q4 2015	Change (reported)
Revenue	768.9	722.9	6.4%
Cost of goods sold	606.4	564.6	7.4%
Gross profit	162.5	158.3	2.6%
<i>Gross profit margin</i>	21.1%	21.9%	-0.8pp
Sales and marketing costs	36.7	35.2	4.3%
Administrative expenses	29.0	30.6	-5.5%
Operating profit	96.8	92.5	4.7%
<i>Operating profit margin</i>	12.6%	12.8%	-0.2pp
Net financials	-2.1	-0.5	n.a.
Profit before tax	94.7	92.0	2.9%
Tax	22.5	23.8	-5.8%
<i>Effective tax rate</i>	23.7%	25.9%	-2.2pp
Net profit	72.2	68.2	6.0%

DKK million (reported currencies)	2016	2015	Change (reported)
Revenue	2,764.6	2,600.3	6.3%
Cost of goods sold	2,223.0	2,083.0	6.7%
Gross profit	541.6	517.3	4.7%
<i>Gross profit margin</i>	19.6%	19.9%	-0.3pp
Sales and marketing costs	134.8	129.6	4.0%
Administrative expenses	113.9	118.6	-3.9%
Operating profit	292.9	269.1	8.8%
<i>Operating profit margin</i>	10.6%	10.3%	0.2pp
Net financials	-12.6	3.1	n.a.
Profit before tax	280.3	272.2	3.0%
Tax	64.6	59.8	8.0%
<i>Effective tax rate</i>	23.0%	22.0%	1.1pp
Net profit	215.7	212.4	1.5%

Revenue in reported currencies increased by 6.4% in Q4 2016 (6.4% in constant currencies) and 6.3% in full year 2016 (6.4% in constant currencies). Operating profit margin in reported currencies was 12.6% in Q4 2016 (12.1% in constant currencies) and 10.6% in full year 2016 (10.1% in constant currencies) compared to 12.8% in Q4 2015 and 10.3% in full year 2015.

For a detailed performance overview in both reported and constant currencies please see note 7 on page 25. Comparisons in this financial report are hereafter in reported currencies only as NNIT's major currencies have only depreciated a little giving operating profit growth a tailwind of 0.5pp and revenue growth a slight headwind of 0.1pp compared to the same periods last year.

Revenue increased by 6.4% in Q4 2016 and by 6.3% in 2016 compared to the same periods last year. The increase in 2016 was primarily driven by a 42% growth in the enterprise customer group and a 24% growth in the finance customer group. Revenue from other life sciences customers increased by 7.4% while the revenue from Novo Nordisk Group declined by 5.9% in 2016. The public customer group increased by 2.7% in 2016.

Cost of goods sold increased by 7.4% in Q4 2016 and 6.7% in 2016 compared to the same periods last year. This led to a gross profit margin of 21.1% in Q4 2016 (21.9% in Q4 2015) and 19.6% in 2016 (19.9% in 2015). The increase in cost of goods sold in Q4 was driven by severance payment and a reduction in the level of higher margin projects from the Novo Nordisk Group. Cost of goods sold in 2016 was negatively impacted by a provision for loss on a project in the public customer group (IT Solution Services), a settlement with another customer in the public customer group (IT Operation Services - see note 4), severance payments and an increase in costs of hardware for infrastructure projects. This impact is partly offset by cost savings related to full-year effect of the efficiency measures introduced in IT Operation Services in 2015.

Sales and marketing costs increased by 4.3% in Q4 2016 and 4.0% in 2016 mainly due to a strengthening of the sales force especially within international life sciences, to support future growth and due to severance payment in Q1 2016 in connection with the organizational changes announced in the Q4 2015 report.

Administrative expenses decreased by 5.5% in Q4 and 3.9% in 2016 primarily due to cost saving initiatives and vacancies.

Operating profit in Q4 2016 increased by 4.7% to DKK 96.8m corresponding to an operating profit margin of 12.6% compared to 12.8% in Q4 2015. This led to an increase in operating profit of 8.8% in 2016 to DKK 292.9m corresponding to an operating profit margin of 10.6% compared to 10.3% in 2015. Savings on administrative expenses, cost savings related to the efficiency measures introduced in IT Operation Services in 2015 and currency tailwind all contributed to the operating profit improvement. This is partly countered by a provision for loss on a project in the public customer group (IT Solution Services), a reversal of revenue and a settlement with another customer in the public customer group (IT Operation Services) as well as severance payments.

Net financials in Q4 2016 were negative DKK 2.1m which is a decrease of DKK 1.6m compared to Q4 2015. Net financials decreased by DKK 15.7m in 2016 compared to 2015. Net financials were adversely affected by a negative net value adjustment of the Novo Nordisk shareholdings used to hedge NNIT's long-term incentive program and corresponding liability from prior years of DKK 5.4m compared to a gain of DKK 4.1m in 2015. This is equivalent to a net negative impact of DKK 9.5m, whereas the net impact in Q4 2016 was DKK 1.9m negative. Furthermore, net financials were adversely impacted by a loss on cash flow hedges of DKK 3.4m in 2016 compared to a gain of DKK 6.8m in 2015 equivalent to a net negative impact of DKK 10.2m. In Q4 2016 there was a gain on cash flow hedges of DKK 1.9m which is an improvement of DKK 1.1m. The impact was partly offset by an improvement of the loss on foreign exchange and lower bank charges, which in 2015 were impacted by the establishment of a credit facility and costs in relation to becoming a listed company etc. The gain on cash flow hedges in Q4 2016 was due to appreciating currencies whereas operating profits were impacted in the opposite direction by currency changes.

The effective tax rate in Q4 2016 was 23.7% representing a decrease of 2.2pp compared to Q4 2015. The effective tax rate in 2016 was 23.0% representing an increase of 1.0pp compared to 2015. The increase is caused by changes in the level of non-taxable adjustments from unrealized losses on Novo Nordisk shares in 2016 compared to gains on this item in 2015.

Net profit in Q4 2016 was DKK 72.2m corresponding to an increase of 6.0% compared to Q4 2015. The increase was positively impacted by the increase in operating profit but

countered by the decrease in net financials and a higher effective tax rate. Net profit in 2016 was DKK 215.7m corresponding to an increase of 1.5% compared to 2015 mainly impacted by the negative development in net financials as explained above.

Revenue

Revenue distribution:

DKKm (reported currencies)	Q4 2016	Q4 2015	Pct Change (reported)
Life Sciences	431.2	479.4	-10.1%
<i>Hereof Novo Nordisk Group</i>	328.7	391.9	-16.1%
<i>Hereof other Life Sciences</i>	102.5	87.5	17.1%
Enterprise	170.5	97.9	74.1%
Public	103.5	92.1	12.4%
Finance	63.8	53.5	19.1%
Total	768.9	722.9	6.4%

DKKm (reported currencies)	2016	2015	Pct Change (reported)
Life Sciences	1,597.0	1,649.7	-3.2%
<i>Hereof Novo Nordisk Group</i>	1,238.4	1,315.8	-5.9%
<i>Hereof other Life Sciences</i>	358.6	334.0	7.4%
Enterprise	545.6	384.7	41.8%
Public	385.3	375.1	2.7%
Finance	236.7	190.8	24.1%
Total	2,764.6	2,600.3	6.3%

Revenue growth in Q4 2016 (6.4%) and in full year 2016 (6.3%) was primarily driven by double digit percentage growth in the enterprise and finance customer groups. Revenue in life sciences (including the Novo Nordisk Group and other life sciences customers) declined due to a decline of 16.1% in Q4 2016 and 5.9% in full year 2016 from the Novo Nordisk Group, whereas other life sciences customers experienced a growth of 17.1% in Q4 2016 and 7.4% growth in full year 2016 compared to the same periods last year. In 2016, the public customer group experienced a growth of 2.7% driven by a strong Q4 2016 growth of 12.4%.

The share of NNIT's revenue from customers outside the Novo Nordisk Group reached 55% in 2016 compared to 49% in the same period last year, and is in line with the strategy of becoming less dependent on Novo Nordisk.

Life sciences:

Revenue in Q4 2016 decreased by DKK 48.2m corresponding to a decrease of 10.1% compared to Q4 2015. The decrease was due to a decline in revenue from the Novo Nordisk Group of 16.1% as a consequence of a reduction of additional projects. Revenue growth from the non-Novo Nordisk Group life sciences customers was 17.1% in Q4 2016, reflecting that new orders from previous quarters are now starting to drive life sciences growth outside the Novo Nordisk Group.

In 2016, revenue from the life sciences customer group decreased by DKK 52.7m, corresponding to 3.2% due to a decline in revenue from the Novo Nordisk Group while other life sciences customers increased by 7.4%. Revenue decline from the Novo Nordisk Group was 5.9% mainly due to a reduction of project activity not included in the core service contracts.

Enterprise:

Revenue in Q4 2016 increased by DKK 72.6m and DKK 160.9m in full year 2016 corresponding to an increase of 74% in Q4 2016 and 42% in 2016 compared to the same periods last year. Revenue growth was driven by increased revenue from existing operations customers as well as revenue from new significant customers, which included PANDORA and Widex.

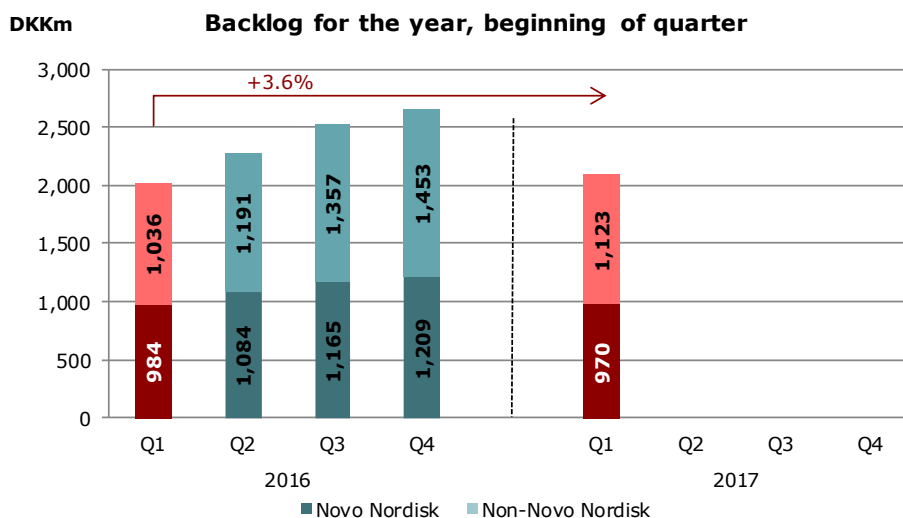
Public:

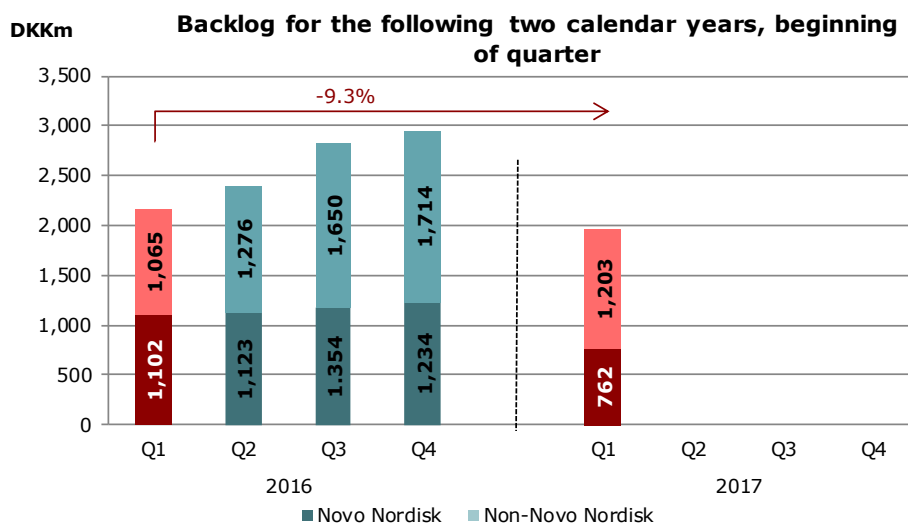
Revenue in Q4 2016 increased by DKK 11.4m and DKK 10.2m in full year 2016 corresponding to an increase of 12.4% in Q4 2016 and 2.7% in 2016 compared to the same periods last year. The growth was impacted by a reversal of revenue in 2016 related to a settlement with a customer in the public customer group within IT Operation Services and price reductions in certain outsourcing contracts, which were offset by an increase in project activity.

Finance:

Revenue in Q4 2016 increased by DKK 10.3m and DKK 45.9m in full year 2016 corresponding to an increase of 19% in Q4 2016 and 24% in 2016 compared to the same periods last year. In 2016, the increase was primarily due to the expansion of several existing customer contracts and contract wins with new customers such as E-nettet and the insurance companies Købstædernes Forsikring and Popermo Forsikring. The data center service contract with Danske Bank only had limited impact in 2016, but will start to generate revenue in Q1 2017.

Order backlog

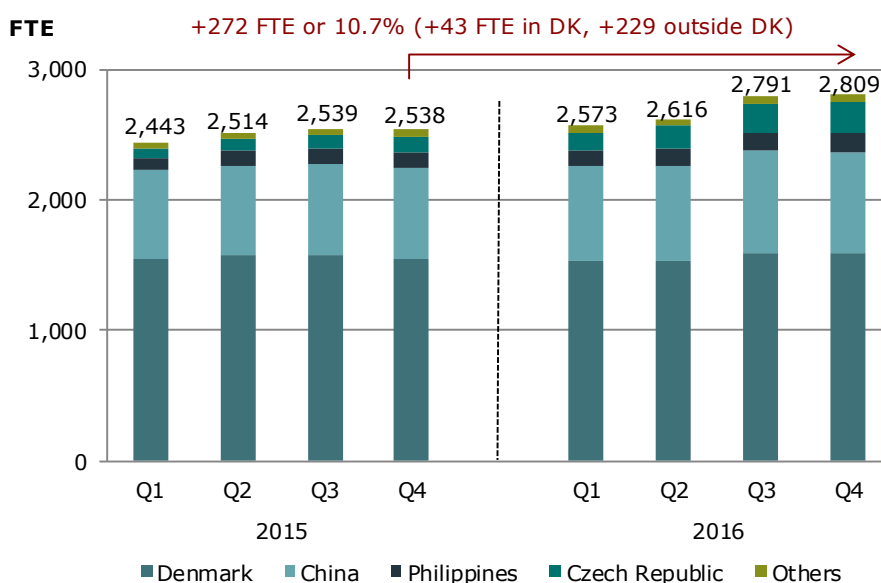




At the beginning of 2017, NNIT's order backlog for 2017 increased by DKK 73m to DKK 2,093m which is a growth of 3.6% compared to the order backlog for 2016 at the same time last year. The increase was primarily due to contract wins with new customers and expansion of contracts with existing customers in the enterprise and finance customer groups while the backlog for the Novo Nordisk Group is 1.4% lower than last year due to a continued low project activity level.

The order entry backlog for 2018 and 2019 at the beginning of 2017 was 9.3% lower than the corresponding backlog for 2017 and 2018 at the same time last year. The decline in the order entry backlog is due to the expiry of several large infrastructure agreements in 2018 and 2019 in all customer groups for which renegotiations or retendering have not yet been initiated. All renewals or replacements of these contracts will increase the order backlog.

Employees, end-of-period



At the end of Q4 2016, the number of employees increased by 272 FTE corresponding to 10.7% compared to the same period last year. The increase was in Czech Republic (119 FTEs), China (77 FTEs) and the Philippines (30 FTEs) in-line with the long-term offshoring strategy. Denmark grew by 43 FTEs and Switzerland, Germany, United Kingdom and United States combined grew by 3 FTEs.

Balance sheet

Total assets at December 31, 2016 increased by DKK 254.7m to DKK 1,590.5m compared to DKK 1.335.8m at December 31, 2015 primarily due to an increase in trade receivables, work in progress, other receivables and cash and cash equivalents partly countered by a decrease in shares.

Cash and cash equivalents amounted to DKK 173.9m at December 31, 2016, an increase of DKK 42.9m relative to December 31, 2015. The increase was due to net profits from operating activities countered by the payment of ordinary dividend for 2015 (DKK 97.0m) and interim dividend for 2016 (DKK 48.5m).

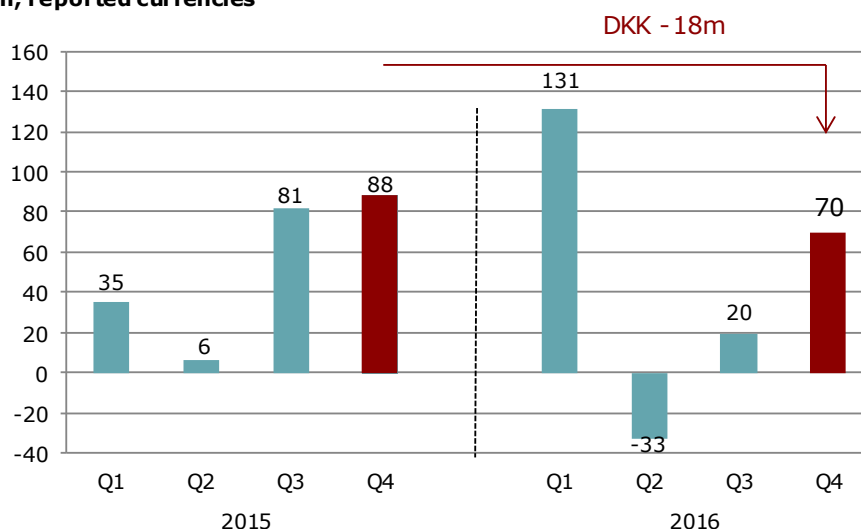
Equity at December 31, 2016 amounted to DKK 846.5m, an increase of DKK 105.7m compared to December 31, 2015. The improvement was due to net profits offset by the payment of ordinary dividend for 2015 (DKK 97.0m) and interim dividend for 2016 (DKK 48.5m).

Investments

Investments amounted to DKK 55.4m in Q4 2016 (DKK 167.7m in 2016) compared to DKK 30.0m in Q4 2015 (DKK 136.0m in 2015). The increase in investments was mainly related to investments in a new data center in Ejby, Denmark and timing of hardware purchases in connection with outsourcing contracts. The bulk of the total investment in a new data center is expected to be in 2017.

Free cash flow

DKKm, reported currencies



The free cash flow for Q4 2016 amounted to DKK 70.1m, a drop of DKK 18.0m lower than in Q4 2015. Free cash flow was DKK 188.4m in 2016 which was DKK 22.5m lower than in 2015. The drop in the free cash flow in both Q4 and 2016 was primarily related to a higher level of investments, increased trade receivables and work in progress

partly countered by an increase in prepayments received from customers and a lower payment of income taxes in 2016.

Business areas

IT Operation Services

DKK million (reported currencies)	Q4 2016	Q4 2015	Change
Revenue			
Novo Nordisk Group	225.9	270.9	-16.6%
Non-Novo Nordisk Group	289.7	219.8	31.8%
Total	515.6	490.7	5.1%
Costs	447.9	430.7	4.0%
Operating profit	67.7	60.0	12.9%
<i>Operating profit margin</i>	<i>13.1%</i>	<i>12.2%</i>	<i>0.9pp</i>

DKK million (reported currencies)	2016	2015	Change
Revenue			
Novo Nordisk Group	841.4	889.9	-5.4%
Non-Novo Nordisk Group	982.3	850.5	15.5%
Total	1,823.7	1,740.4	4.8%
Costs	1,616.9	1,568.2	3.1%
Operating profit	206.8	172.2	20.1%
<i>Operating profit margin</i>	<i>11.3%</i>	<i>9.9%</i>	<i>1.4pp</i>

IT Operation Services revenue increased by 5.1% in Q4 2016 and 4.8% in 2016 compared to the same periods last year. The increase was primarily driven by new and existing large customers outside the Novo Nordisk Group. Revenue from the Novo Nordisk Group fell by 17% in Q4 2016 compared to Q4 2015 due to a reduction in project activities.

Operating profit in Q4 2016 and 2016 showed a strong growth of 13% and 20%, respectively, representing an operating profit of DKK 67.7m and DKK 206.8m, respectively. Operating profit margin in Q4 2016 was 13.1% corresponding to an increase of 0.9pp compared to Q4 2015 and 11.3% in 2016 compared to 9.9% in 2015.

The increase was driven by a positive effect on cost savings and efficiency-improving measures introduced in 2015 combined with stable operations that were partly offset by a reversal of revenue and a settlement with a customer in the public customer group and severance payments.

IT Solution Services

DKK million (reported currencies)	Q4 2016	Q4 2015	Change
Revenue			
Novo Nordisk Group	102.7	121.0	-15.1%
Non-Novo Nordisk Group	150.5	111.2	35.3%
Total	253.2	232.2	9.1%
Costs	224.1	199.7	12.2%
Operating profit	29.1	32.5	-10.5%
<i>Operating profit margin</i>	<i>11.5%</i>	<i>14.0%</i>	<i>-2.5pp</i>

DKK million (reported currencies)	2016	2015	Change
Revenue			
Novo Nordisk Group	397.0	425.9	-6.8%
Non-Novo Nordisk Group	543.9	434.0	25.3%
Total	940.9	859.9	9.4%
Costs	854.8	763.0	12.0%
Operating profit	86.1	96.9	-11.2%
<i>Operating profit margin</i>	<i>9.1%</i>	<i>11.3%</i>	<i>-2.1pp</i>

IT Solution Services revenue increased by 9.1% in Q4 2016 and 9.4% in 2016 compared to the same periods last year. This increase was driven by revenue from customers outside the Novo Nordisk Group increasing 35% in Q4 2016, whereas revenue from the Novo Nordisk Group in Q4 2016 fell by 15% compared to 2015, which is partly due to a drop in project activities.

Despite the strong revenue growth operating profit in Q4 2016 decreased by 11% compared to Q4 2015 mainly due to a reduction in higher margin project activities from the Novo Nordisk Group. Operating profit in 2016 was down by 11% compared to 2015 primarily due a provision for loss on a project in the public customer group, a lower level of higher margin project activities from the Novo Nordisk Group and severance payments. Operating profit margin in Q4 2016 was 11.5% corresponding to a decrease of 2.5pp compared to Q4 2015 and 9.1% in 2016 compared to 11.3% in 2015, a decrease of 2.1pp due to the above mentioned reasons.

Events after balance sheet date

There have been no events after the balance sheet date which would have a significant impact on an assessment of NNIT's financial position at December 31, 2016.

Outlook for 2017

The order backlog for 2017 at the beginning of Q1 2017 increased by DKK 73m, or by 3.6%, to DKK 2,093m compared to the order backlog for 2016 at the beginning of Q1 2016. Order backlog from the Novo Nordisk Group was 1.4% lower while the order backlog from other customers was 8.4% higher.

The guidance for the 2017 revenue growth is 1-5% in constant currencies due to lower expected revenue from the Novo Nordisk Group. Due to the expected drop in revenue from higher margin projects in the Novo Nordisk Group and price reductions on existing customer contracts, the operating profit margin in constant currencies is expected to be around 10% compared to 10.6% in 2016. The long-term target for revenue growth of at least 5% is maintained as lower revenue from the Novo Nordisk Group is expected to be offset by revenue growth from other customer groups. Further, the long-term operating profit margin target of at least 10% is maintained as a positive impact from the operational excellence program in IT Operation Services is expected from 2018 and onwards.

The present outlook is based on a number of key assumptions, including that relevant macroeconomic trends will not significantly change business conditions for NNIT during 2016, that business performance, customer and competitor actions will remain stable and that currency exchange rates, especially the Chinese yuan, Euro, Czech koruna, Philippine peso, US dollar and the Swiss franc, will remain at current levels versus Danish kroner (as of January 18, 2017). To mitigate volatility in exchange rates NNIT has entered into hedge contracts as illustrated in the notes on page 23 which also shows the sensitivity in operating profit from changes in key currencies.

The current expectations summarized:

	Guidance for 2017	Long-term targets
Revenue growth		
In constant currencies*	1-5%	-
as reported**	Around 0.1pp higher	≥ 5%
Operating profit margin		
In constant currencies*	Around 10%	-
as reported**	No impact	≥ 10%
Investments / Revenue***	12-14%	

*Constant currencies measured using average exchange rates for 2016

**Based on exchange rates as of January 18, 2017 as illustrated under key currency assumptions on page 24

***Investments including new customer and data center investments are in 2017 expected to be between 12-14% of total revenue of which around 7 percentage-points relates to the data center investment of around DKK 200m in 2017. The total data center investment is expected to be around DKK 250m in the period 2016 to 2018

Management statement

The Board of Directors and Executive Management have approved the Annual Report 2016 of NNIT A/S (NNIT A/S, together with its subsidiaries, the "Group") – including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this financial statement containing condensed financial information for 2016.

The consolidated financial statements in the Annual Report 2016 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act.

This financial statement is prepared in accordance with the recognition and measurement requirements in the IFRS, the accounting policies as applied in the audited consolidated financial statements of 2016.

In our opinion, the accounting policies used are appropriate, and the overall presentation of this financial statement is adequate. Furthermore, in our opinion, this company announcement of the financial statement for 2016 includes a true and fair account of the development in the operations and financial circumstances of the results for the year and of the financial position of the Group as well as, together with the Annual Report 2016, a description of the most significant risks and elements of uncertainty facing the Group in accordance with Danish disclosure requirements for listed companies.

Soeborg, January 25, 2017

Executive management

Per Kogut
CEO

Carsten Krogsgaard Thomsen
CFO

Board of Directors

Jesper Brandgaard
Chairman

Carsten Dilling
Deputy Chairman

Anne Broeng

Eivind Kolding

John Beck

René Stockner

Anders Vidstrup

Alex Steninge Jacobsen

Consolidated financial statements

Income statement and Statement of comprehensive income

	Note	Q4 2016 DKK '000	Q4 2015 DKK '000	12M 2016 DKK '000	12M 2015 DKK '000
Income statement					
	1				
Revenue	2	768,868	722,908	2,764,592	2,600,287
Cost of goods sold		606,373	564,587	2,223,006	2,083,027
Gross profit		162,495	158,321	541,586	517,260
Sales and marketing costs		36,688	35,178	134,794	129,604
Administrative expenses		28,959	30,630	113,889	118,551
Operating profit		96,848	92,513	292,903	269,105
Financial income		291	6,805	6,922	28,756
Financial expenses		2,431	7,310	19,550	25,628
Profit before income taxes		94,708	92,008	280,275	272,233
Income taxes		22,458	23,828	64,575	59,792
Net profit for the period		72,250	68,180	215,700	212,441

Earnings per share

	DKK	DKK	DKK	DKK
Earnings per share	2.98	2.81	8.89	8.76
Diluted earnings per share	2.90	2.74	8.67	8.54

Statement of comprehensive income

	DKK '000	DKK '000	DKK '000	DKK '000
Net profit for the period	72,250	68,180	215,700	212,441
Other comprehensive income:				
<i>Items that will not be reclassified subsequently to the Income statement:</i>				
Remeasurement related to pension obligations	260	791	-1,015	-293
Tax on other comprehensive income	220	2,013	-338	343
<i>Items that will be reclassified subsequently to the Income statement, when specific conditions are met:</i>				
Currency revaluation related to subsidiaries (net)	3,062	-701	820	2,168
Recycled to financial items	-8,476	600	-3,362	3,754
Unrealized value adjustments	7,126	-4,770	5,942	-7,655
<i>Cash flow hedges</i>	-1,350	-4,170	2,580	-3,901
Tax on other comprehensive income related to cash flow hedges	-619	980	-626	916
Other comprehensive income, net of tax	1,573	-1,087	1,421	-767
Total comprehensive income	73,823	67,093	217,121	211,674

Balance sheet

Assets

	Note	Dec 31, 2016 DKK '000	Dec 31, 2015 DKK '000
Intangible assets		33,307	27,571
Tangible assets		412,920	402,186
Deferred tax		52,390	43,939
Deposits		28,730	28,313
Total non-current assets		527,347	502,009
Inventories		2,797	1,730
Trade receivables	3	604,567	489,465
Work in progress	3	136,370	84,443
Other receivables and pre-payments		126,183	76,771
Shares		18,200	49,315
Derivative financial instruments		1,140	1,022
Cash and cash equivalents		173,912	131,026
Total current assets		1,063,169	833,772
Total assets		1,590,516	1,335,781

Equity and liabilities

		Dec 31, 2016 DKK '000	Dec 31, 2015 DKK '000
Share capital		250,000	250,000
Treasury shares		-7,500	-7,500
Retained earnings		542,833	395,969
Other reserves		7,785	5,349
Proposed dividends		53,350	97,000
Total equity		846,468	740,818
Deferred tax		0	46
Employee benefit obligation		34,251	39,054
Provisions		11,395	8,339
Total non-current liabilities		45,646	47,439
Prepayments received	3	186,507	60,499
Trade payables		59,282	72,978
Employee cost payable		258,386	267,518
Tax payables		29,913	11,338
Other current liabilities	3	140,946	105,738
Derivative financial instruments		2,098	5,330
Employee benefit obligation		7,577	18,629
Provisions		13,693	5,494
Total current liabilities		698,402	547,524
Total equity and liabilities		1,590,516	1,335,781
Contingent liabilities and legal proceedings	4		
Currency hedging	5		

Statement of cash flow

	Q4 2016	Q4 2015	12M 2016	12M 2015
	DKK '000	DKK '000	DKK '000	DKK '000
Net profit for the period	72,250	68,179	215,700	212,441
Reversal of non-cash items	94,576	75,118	270,666	235,180
Interest received	51	932	102	1,015
Interest paid	-1,308	-5,199	-3,569	-5,711
Income taxes paid	-14,837	-55,852	-51,415	-75,767
Cash flow before change in working capital	150,732	83,178	431,484	367,158
Changes in working capital	-22,056	31,170	-68,667	-14,018
Cash flow from operating activities	128,676	114,348	362,817	353,140
Capitalization of intangible assets	-13,575	0	-13,575	0
Purchase of tangible assets	-41,828	-29,749	-154,120	-136,041
Change in trade payables related to investments	-4,329	2,827	-10,454	-4,651
Sale of tangible assets	0	0	2,236	0
Dividends received	0	0	721	671
Sale/(purchase) of shares (net)	1,236	3,573	1,236	3,573
Payment of deposits	-96	88	-475	-5,851
Cash flow from investing activities	-58,592	-23,261	-174,431	-142,299
Dividends paid	0	0	-145,500	-83,713
Purchase of treasury shares	0	0	0	-93,750
Cash flow from financing activities	0	0	-145,500	-177,463
Net cash flow	70,084	91,087	42,886	33,378
Cash and cash equivalents at the beginning of the period	103,828	42,766	131,026	97,648
Cash and cash equivalents at the end of the period	173,912	133,853	173,912	131,026
Additional information¹:				
Cash and cash equivalents at the end of the period	173,912	133,853	173,912	131,026
Undrawn committed credit facilities	400,000	400,000	400,000	400,000
Financial resources at the end of the period	573,912	533,853	573,912	531,026
Cash flow from operating activities	128,676	114,348	362,817	353,140
Cash flow from investing activities	-58,592	-23,261	-174,431	-142,299
Free cash flow	70,084	91,087	188,386	210,841

¹ Additional non-IFRS measures. 'Financial resources at the end of the period' is defined as the sum of cash and cash equivalents at the end of the period and undrawn committed credit facilities. Free cash flow is defined as 'cash flow from operating activities' less 'cash flow from investing activities'.

Statement of changes in equity

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
December 31, 2016									
Balance at the beginning of the period	250,000	-7,500	395,969	5,964	-3,901	3,286	5,349	97,000	740,818
Net profit for the period	0	0	215,700	0	0	0	0	0	215,700
Other comprehensive income for the period	0	0	-1,015	820	2,580	-964	2,436	0	1,421
Total comprehensive income for the period	0	0	214,685	820	2,580	-964	2,436	0	217,121
Transactions with owners:									
Share-based payments	0	0	30,212	0	0	0	0	0	30,212
Deferred tax on share-based payments	0	0	3,817	0	0	0	0	0	3,817
Dividends paid	0	0	0	0	0	0	0	-145,500	-145,500
Interim dividend for 2016	0	0	-48,500	0	0	0	0	48,500	0
Proposed dividend for 2016	0	0	-53,350	0	0	0	0	53,350	0
Total dividends for 2016	0	0	-101,850	0	0	0	0	101,850	0
Balance at the end of the period	250,000	-7,500	596,183	6,784	-1,321	2,322	7,785	0	846,468

DKK '000	Share capital	Treasury shares	Retained earnings	Other reserves			Total other reserves	Proposed dividends	Total
				Currency revaluation	Cash flow hedges	Tax			
December 31, 2015									
Balance at the beginning of the period	250,000	0	344,716	3,796	0	2,027	5,823	83,713	684,252
Net profit for the period	0	0	212,441	0	0	0	0	0	212,441
Other comprehensive income for the period	0	0	-293	2,168	-3,901	1,259	-474	0	-767
Total comprehensive income for the period	0	0	212,148	2,168	-3,901	1,259	-474	0	211,674
Transactions with owners:									
Purchase of treasury shares	0	-7,500	-86,250	0	0	0	0	0	-93,750
Share-based payments	0	0	20,290	0	0	0	0	0	20,290
Deferred tax on share-based payments	0	0	2,065	0	0	0	0	0	2,065
Dividends paid	0	0	0	0	0	0	0	-83,713	-83,713
Proposed dividend for 2015	0	0	-97,000	0	0	0	0	97,000	0
Balance at the end of the period	250,000	-7,500	395,969	5,964	-3,901	3,286	5,349	97,000	740,818

Notes

Note 1

Accounting policies

The Board of Directors and Executive Management have approved the Annual Report 2016 of NNIT A/S including the audited consolidated financial statements. The Board of Directors and Executive Management also approved this financial statement containing condensed financial information for 2016.

This financial statement is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and further requirements in the Danish Financial Statements Act. The accounting policies used in this financial statement are consistent with those used in the audited consolidated financial statements in the Annual Report 2016.

Note 2

Quarterly numbers

Quarterly numbers

DKK '000	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	768,868	674,456	658,647	662,621	722,909	632,988	629,056	615,334
Cost of goods sold	606,373	543,780	540,713	532,140	564,588	505,796	518,107	494,536
Gross profit	162,495	130,676	117,934	130,481	158,321	127,192	110,949	120,798
Sales and marketing costs	36,688	31,582	33,592	32,932	35,178	32,288	32,239	29,899
Administrative expenses	28,959	29,350	27,847	27,733	30,630	32,550	27,814	27,556
Operating profit	96,848	69,744	56,495	69,816	92,513	62,354	50,896	63,343
Net financials	-2,140	-2,710	-3,477	-4,301	-505	-819	-5,767	10,219
Profit before income taxes	94,708	67,034	53,018	65,515	92,008	61,535	45,129	73,562
Income taxes	22,458	16,110	11,763	14,244	23,828	11,048	9,468	15,448
Net profit for the period	72,250	50,924	41,255	51,271	68,180	50,487	35,662	58,114

Segment disclosures

Segment disclosures

DKK '000	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue by business area								
Operations	515,641	447,079	422,336	438,626	490,704	426,268	415,852	407,580
<i>hereof Novo Nordisk Group</i>	225,914	203,005	199,843	212,635	270,895	215,950	206,402	196,630
<i>hereof non-Novo Nordisk Group</i>	289,727	244,074	222,493	225,991	219,809	210,318	209,450	210,950
Solutions	253,227	227,377	236,311	223,995	232,205	206,720	213,204	207,754
<i>hereof Novo Nordisk Group</i>	102,748	95,259	100,915	98,076	120,989	103,804	101,141	99,954
<i>hereof non-Novo Nordisk Group</i>	150,479	132,118	135,396	125,919	111,216	102,916	112,063	107,800
Total revenue	768,868	674,456	658,647	662,621	722,909	632,988	629,056	615,334
Revenue by customer group								
Life Sciences	431,165	386,848	386,459	392,550	479,402	400,071	392,108	378,159
<i>hereof Novo Nordisk Group</i>	328,662	298,264	300,758	310,711	391,884	319,754	307,543	296,584
Public	103,455	90,370	90,768	100,695	92,057	89,485	92,425	101,146
Enterprise	170,469	144,661	120,931	109,559	97,903	97,067	99,313	90,386
Finance	63,779	52,577	60,489	59,817	53,547	46,365	45,210	45,643
Total revenue	768,868	674,456	658,647	662,621	722,909	632,988	629,056	615,334
Operating profit by business area								
Operations	67,727	53,137	32,999	52,968	59,968	44,531	27,428	40,304
Solutions	29,121	16,607	23,496	16,848	32,545	17,823	23,468	23,038
Total operating profit	96,848	69,744	56,495	69,816	92,513	62,354	50,896	63,342
Amortization, depreciation and impairment losses								
Operations	37,696	34,689	34,374	34,758	36,413	34,611	34,122	33,737
Solutions	708	737	721	679	411	654	621	648
Total amortization, depreciation and impairment losses	38,404	35,426	35,095	35,437	36,824	35,265	34,744	34,385

The Danish operations generated 91.0% of NNIT's revenue in 2016 and 90.5% in 2015 based on the location of customer purchase orders. As a consequence of the predominantly Danish revenue, we will not disclose a geographical revenue split.

Note 3

Related party transactions

DKK'000	Dec 31, 2016	Dec 31, 2015
Assets		
Receivables from related parties	238,208	241,814
Work in progress related parties	37,579	18,829
Liabilities		
Liabilities to related parties	799	8,535
Prepayments from related parties	95,103	20,514

Note 4

Contingent liabilities and legal proceedings

Contingent liabilities

None

Legal proceedings

In 2014, a customer in our public customer group initiated arbitration proceedings related to the delivery of a supply and logistics IT system. The parties disagree on whether the system was defective, who was responsible for the delay of the system and thus on the justification of the termination. In June 2014, the customer initiated arbitration proceedings in Copenhagen, Denmark. NNIT estimates that an arbitration award would either reduce or increase operating profit in the range of DKK -87 Million

to DKK 55 Million. The arbitration proceedings are still in their preparatory stages and NNIT cannot reliably predict the outcome of or the timeframe for the resolution of the arbitration dispute. NNIT expects a ruling by the arbitration tribunal at the beginning of 2018 at the earliest. NNIT has made a provision for the future arbitration outcome based on currently available information.

Note 5

Currency hedging

NNIT's objective is at any time to limit the company's financial risks.

NNIT is exposed to exchange rate risks in the countries where NNIT has its main activities. The majority part of NNIT's sales in DKK and EUR, implying limited foreign exchange risk, due to the parent company's functional currency being DKK and Denmark's fixed-rate policy towards EUR. NNIT's foreign exchange risk therefore primarily stems from transactions carried out in the currencies of other countries in which NNIT mainly operates: primarily the Chinese yuan, and, to a lesser extent, the Czech koruna, the Philippine peso, the Swiss franc and the British pound.

At present NNIT's sales in Chinese yuan, Czech koruna, Philippine peso and Swiss franc are not sufficiently to balance these currency risks. To manage foreign exchange rate risks, NNIT has historically entered into hedging contracts to hedge major foreign currency balances in Chinese yuan, Czech koruna, Philippine peso and US Dollar 14 months ahead. Since the US Dollar exposure at the beginning of 2016 changed to become slightly positive, it was decided to discontinue hedging of US Dollar in the beginning of 2016.

Cumulative profit on derivative financial instruments regarding future cash flow per December 31, 2016 is recognized in Equity (Other comprehensive income) with an amount of DKK 2.6m before tax (DKK 2.0m after tax).

Note 6

Currency sensitivity and development

Currency sensitivities

	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
CNY	DKK -18 million	14
EUR	DKK 23 million	-
CZK	DKK -8 million	14
PHP	DKK -4 million	-
CHF	DKK -2 million	-
USD	DKK -0 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials. For further details on hedging, please see note 5 above.

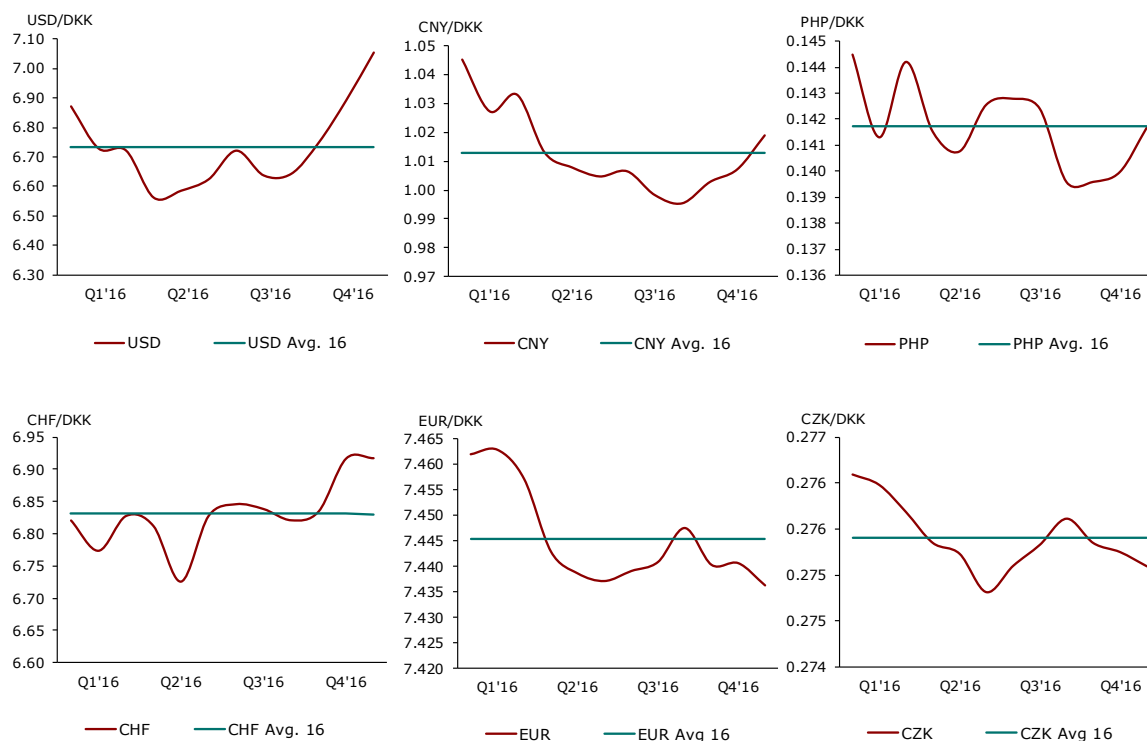
* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2017 business plan.

Key currency assumptions

DKK per 100	2015 average exchange rates	2016 average exchange rates	YTD 2017 average exchange rates at January 18, 2017	Current exchange rates at January 18, 2017
CNY	107.04	101.29	101.92	101.96
EUR	745.86	744.52	743.47	743.61
CZK	27.35	27.54	27.51	27.52
PHP	14.77	14.17	14.18	13.97
CHF	698.88	683.13	693.71	694.57
USD	672.69	673.27	704.28	697.31

Currency development

NNIT has a net cost exposure in the Chinese yuan, the Philippine peso and the Swiss franc and therefore the depreciating of these currencies versus Danish kroner in 2016 had a positive impact on reported operating profit.



NNIT has hedged 90% of its net exposure in Chinese yuan (CNY hedged with CNH (CNY offshore)) and Czech koruna (CZK) for the coming 14 months.

Note 7

Performance in constant and reported currencies

Performance overview

DKK million (reported currencies)	Q4 2016	Q4 2016 (constant*)	Q4 2015	Change (reported)	Change (constant)
Revenue	768.9	769.3	722.9	6.4%	6.4%
Cost of goods sold	606.4	610.1	564.6	7.4%	8.1%
Gross profit	162.5	159.2	158.3	2.6%	0.6%
<i>Gross profit margin</i>	<i>21.1%</i>	<i>20.7%</i>	<i>21.9%</i>	<i>-0.8pp</i>	<i>-1.2pp</i>
Sales and marketing costs	36.7	36.9	35.2	4.3%	4.9%
Administrative expenses	29.0	29.1	30.6	-5.5%	-5.0%
Operating profit	96.8	93.2	92.5	4.7%	0.8%
<i>Operating profit margin</i>	<i>12.6%</i>	<i>12.1%</i>	<i>12.8%</i>	<i>-0.2pp</i>	<i>-0.7pp</i>
Net financials	-2.1	n.a.	-0.5	n.a.	n.a.
Profit before tax	94.7	n.a.	92.0	2.9%	n.a.
Tax	22.5	n.a.	23.8	-5.8%	n.a.
<i>Effective tax rate</i>	<i>23.7%</i>	<i>n.a.</i>	<i>25.9%</i>	<i>-2.2pp</i>	<i>n.a.</i>
Net profit	72.2	n.a.	68.2	6.0%	n.a.

DKK million (reported currencies)	2016	2016 (constant*)	2015	Change (reported)	Change (constant)
Revenue	2,764.6	2,767.3	2,600.3	6.3%	6.4%
Cost of goods sold	2,223.0	2,237.2	2,083.0	6.7%	7.4%
Gross profit	541.6	530.1	517.3	4.7%	2.5%
<i>Gross profit margin</i>	<i>19.6%</i>	<i>19.2%</i>	<i>19.9%</i>	<i>-0.3pp</i>	<i>-0.7pp</i>
Sales and marketing costs	134.8	135.5	129.6	4.0%	4.6%
Administrative expenses	113.9	114.7	118.6	-3.9%	-3.2%
Operating profit	292.9	279.8	269.1	8.8%	4.0%
<i>Operating profit margin</i>	<i>10.6%</i>	<i>10.1%</i>	<i>10.3%</i>	<i>0.2pp</i>	<i>-0.2pp</i>
Net financials	-12.6	n.a.	3.1	n.a.	n.a.
Profit before tax	280.3	n.a.	272.2	3.0%	n.a.
Tax	64.6	n.a.	59.8	8.0%	n.a.
<i>Effective tax rate</i>	<i>23.0%</i>	<i>n.a.</i>	<i>22.0%</i>	<i>1.1pp</i>	<i>n.a.</i>
Net profit	215.7	n.a.	212.4	1.5%	n.a.

* Constant currencies measured using average exchange rates for 2015.

Revenue distribution

DKKm (reported currencies)	Q4 2016	Q4 2016 (constant*)	Q4 2015	Pct Change (reported)	Pct Change (constant)
Life Sciences	431.2	431.3	479.4	-10.1%	-10.0%
<i>Hereof Novo Nordisk Group</i>	<i>328.7</i>	<i>328.7</i>	<i>391.9</i>	<i>-16.1%</i>	<i>-16.1%</i>
<i>Hereof other Life Sciences</i>	<i>102.5</i>	<i>102.6</i>	<i>87.5</i>	<i>17.1%</i>	<i>17.2%</i>
Enterprise	170.5	170.7	97.9	74.1%	74.4%
Public	103.5	103.5	92.1	12.4%	12.4%
Finance	63.8	63.8	53.5	19.1%	19.1%
Total	768.9	769.3	722.9	6.4%	6.4%

DKKm (reported currencies)	2016	2016 (constant*)	2015	Pct Change (reported)	Pct Change (constant)
Life Sciences	1,597.022	1,599.1	1,649.7	-3.2%	-3.1%
<i>Hereof Novo Nordisk Group</i>	<i>1,238.395</i>	<i>1,239.4</i>	<i>1,315.8</i>	<i>-5.9%</i>	<i>-5.8%</i>
<i>Hereof other Life Sciences</i>	<i>358.627</i>	<i>359.7</i>	<i>334.0</i>	<i>7.4%</i>	<i>7.7%</i>
Enterprise	545.620	546.3	384.7	41.8%	42.0%
Public	385.288	385.3	375.1	2.7%	2.7%
Finance	236.662	236.7	190.8	24.1%	24.1%
Total	2,764.6	2,767.3	2,600.3	6.3%	6.4%

*Constant currencies measured using average exchange rates for 2015.