

NNIT
Q1 2018

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Agenda

Highlights for first quarter 2018

Sales and backlog

Financial performance

Outlook for 2018

Forward looking statements

This presentation 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.

Q1 2018 at a glance

Revenue

DKK 699m

-2.3%

-1.1pp F/X

Operating profit

DKK 61m

-19%

+2.4pp F/X

Operating profit margin

8.7%

-1.8pp

+0.3pp F/X

Net profit

DKK 46m

-18%

Order backlog for 2018

DKK 2,487m

+2.8%

Free cash flow

DKK 143m

-12%

Major wins

	Contract	Segment	Client	Amount (DKK million)	Length (years)
Q1 2018	Infrastructure and application maintenance outsourcing contract, (Press release February 22, 2018)	Enterprise	STARK Danmark A/S	Lower medium-size three-digit	4
	New infrastructure outsourcing contract	Enterprise	Existing customer	Mid-size double-digit	5
	Extension of infrastructure outsourcing contract	Public	Existing customer	Minor double-digit	2
	New SAP implementation and operation contract	Life Sciences	New customer	Minor double-digit	4
	First SAP EUGDPR phase IV implementation project	Finance	Existing customer	high single-digit	5
Q2 2018	New IT-infrastructure operations contract (Press release April 26, 2018)	Novo Nordisk	NNE	High double-digit	5

STARK Danmark A/S contract

NNIT will take over IT infrastructure, operations, support, and application maintenance and development.

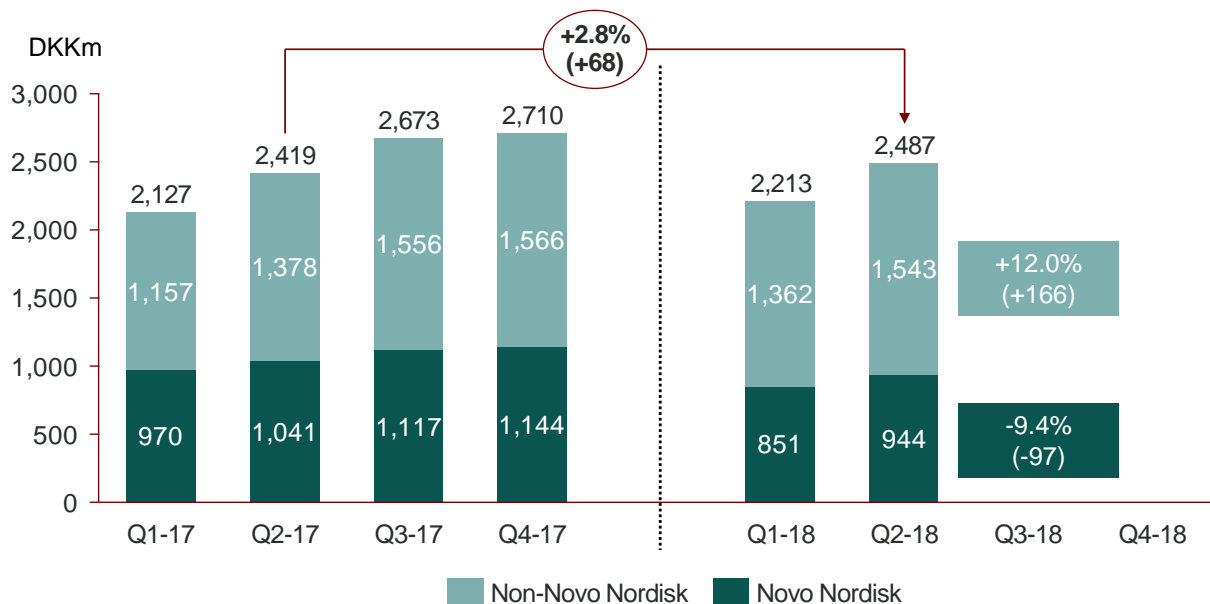
Beyond high quality, security, stability, NNIT will throughout the next minimum four years secure the further development of STARK's IT-infrastructure, business applications, service desk and onsite support to STARK's 72 stores and more than 2,600 employees in Denmark. Furthermore, the Norwegian, Swedish and Finnish parts of STARK GROUP are included partially in the agreement.

The deal represents a lower medium-size three-digit DKK million amount



Backlog development, current year

Beginning of quarter

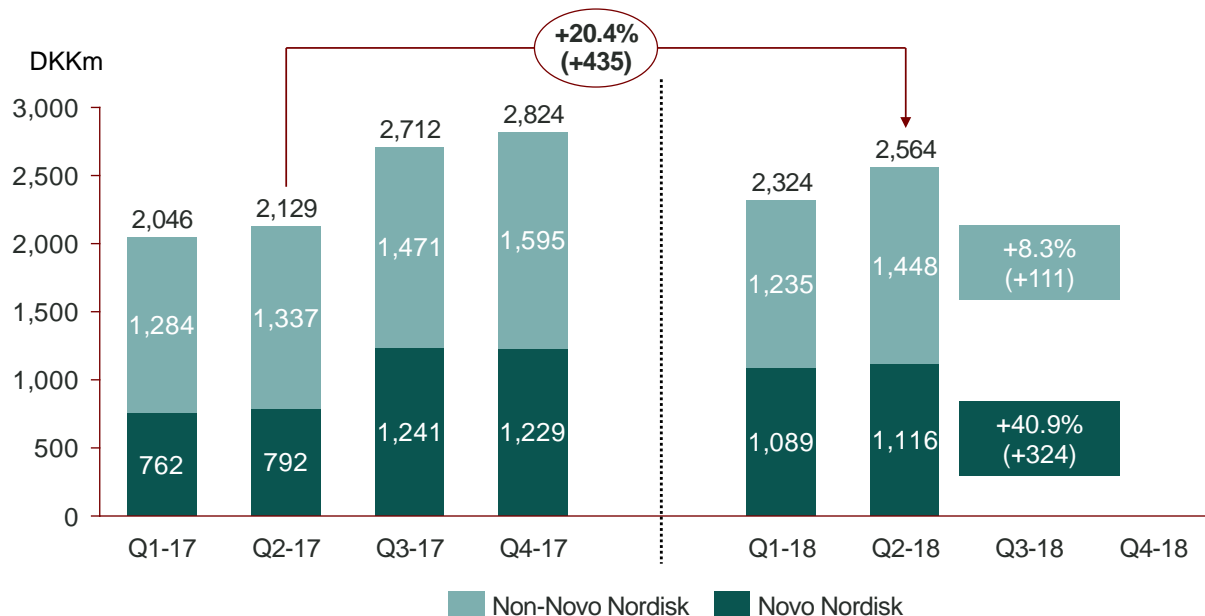


Backlog for 2018 is DKK 2,487m, which is an increase of 2.8% compared to same time in 2017.

- The Novo Nordisk backlog declined with 9.4%, while other customers increased 12.0%.
- Note that the revenue reversal of DKK 26m in Q3/Q4 2017 regarding a customer in the public customer group had a negative impact on full year revenue for 2017, but was not reflected in the backlog at the beginning of Q2 2017

Backlog development, following two calendar years

Beginning of quarter



The backlog for 2019 and 2020 increased 20.4% y-o-y to DKK 2,564m.

- The increase in order entry backlog is due to extension of the global infrastructure agreement with Novo Nordisk and the five year contract extension with Arla
- Several large outsourcing contracts expire in 2018 and 2019 and are not yet renegotiated or retendered

Financial statement Q1 2018

DKK million (reported currencies)	Q1 2018	Q1 2017	Change
Revenue	698.5	715.1	-2.3%
Cost of goods sold	579.1	579.7	-0.1%
Gross profit	119.4	135.4	-11.9%
<i>Gross profit margin</i>	<i>17.1%</i>	<i>18.9%</i>	<i>-1.8pp</i>
Sales and marketing costs	32.0	32.8	-2.6%
Administrative expenses	26.7	27.6	-3.5%
Operating profit	60.7	75.0	-19.0%
<i>Operating profit margin</i>	<i>8.7%</i>	<i>10.5%</i>	<i>-1.8pp</i>
Net financials	-2.0	-3.7	-45.8%
Profit before tax	58.7	71.2	-17.6%
Tax	12.9	15.2	-15.6%
<i>Effective tax rate</i>	<i>21.9%</i>	<i>21.4%</i>	<i>0.5pp</i>
Net profit	45.8	56.0	-18.2%

Revenue decline of 2.3% was negatively impacted by a 20% decline in revenue from the Novo Nordisk Group and the timing of Easter (impact of approximately 2.0pp)

Cost of goods sold was in line with last year resulting in a gross profit of 17.1%, which was 1.8pp lower than Q1 2017.

Sales and marketing costs decreased by 2.6% mainly due to timing.

Administrative expenses decreased by 3.5% due to savings from the rationalizations in staff functions.

Effective tax rate increased 0.5pp primarily due to a reduction in permanent adjustments as NNIT no longer holds Novo Nordisk shares

Segment development

DKKm (reported currencies)	Q1 2018	Q1 2017	Pct Change (reported)
Novo Nordisk Group	256.1	320.9	-20.2%
Other Life Sciences	99.2	88.6	12.0%
Enterprise	187.3	151.0	24.0%
Public	99.4	86.1	15.4%
Finance	56.6	68.4	-17.3%
Total	698.5	715.1	-2.3%

Total revenue growth was impacted negatively by the timing of Easter with approximately 2.0pp.

Novo Nordisk revenue decreased by 20% mainly related to lower project activity and a high comparison base in Q1 2017, which was impacted by infrastructure projects with a high degree of hardware.

Life sciences revenue outside Novo Nordisk increased by 12% driven by a growth from int. life science customers of more than 20%.

Enterprise revenue grew by 24% driven by SCALES' customers, PANDORA and STARK.

Public revenue increased by 15% mainly due to a settlement with a customer within IT Operation Services in Q1 2017 decreasing the comparison base and a positive contribution from SCALES' customers.

Finance revenue decreased 17% primarily due to a customer contract within IT Operation Services that was not extended upon expiry in June 2017, partly offset by expansion of existing customers

IT Operation Services

DKK million (reported currencies)	Q1 2018	Q1 2017	Change
Revenue			
Novo Nordisk Group	169.9	225.0	-24.5%
Non-Novo Nordisk Group	255.7	247.7	3.2%
Total	425.6	472.7	-10.0%
Costs	393.3	421.8	-6.8%
Operating profit	32.3	50.9	-36.5%
<i>Operating profit margin</i>	<i>7.6%</i>	<i>10.8%</i>	<i>-3.2pp</i>

Revenue declined by 10%:

- Following a 25% decline from the Novo Nordisk Group mainly due to lower project activity, price reductions in major service level agreements and a high comparison base in Q1 2017, which was impacted by infrastructure projects with a high degree of hardware
- Customers outside the Novo Nordisk Group increased 3.2% driven by STARK and a settlement with a customer within the public customer group in Q1 2017

Operating profit margin decreased 3.2pp to 7.6%:

- The decrease was mainly due to the declining revenue from the Novo Nordisk Group, the timing of Easter as well as costs from the newly established data center, which are not utilized yet

IT Solution Services

DKK million (reported currencies)	Q1 2018	Q1 2017	Change
Revenue			
Novo Nordisk Group	86.2	95.9	-10.1%
Non-Novo Nordisk Group	186.7	146.5	27.5%
Total	272.9	242.4	12.6%
Costs	244.5	218.3	12.0%
Operating profit	28.4	24.1	17.8%
<i>Operating profit margin</i>	<i>10.4%</i>	<i>9.9%</i>	<i>0.5pp</i>

Revenue increased 13% driven by customers outside the Novo Nordisk Group:

- Revenue from Novo Nordisk decreased 10% due to decline in project activities
- Customers outside the Novo Nordisk Group increased 28% mainly due to the contribution from SCALES' customers, PANDORA and STARK

Operating profit margin increased 0.5pp to 10.4%:

- The increase was driven by a higher average hourly rate on projects

Currency development and hedging



CNY has been relatively flat lately versus DKK, whereas USD and PHP have been depreciating. CZK has continued the appreciation against DKK.

We see currency tailwind from the CNY, PHP and USD compared to 2017, while we have currency headwind from CZK compared to 2017.

In Q1 2018, our operating profit margin tailwind was 0.3pp compared to Q1 2017 exchange rates primarily due to the CNY.

Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
--------------------------------------------------------------------------------------------------------------	-------------------------

EUR	DKK 37 million	-
CNY	DKK -19 million	14
CZK	DKK -11 million	14
PHP	DKK -5 million	14
USD	DKK -4 million	-
CHF	DKK -1 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials.

*The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume our business develops consistent with our current 2018 business plan.



Net Financials

Net financials DKKm	Q1 2018	Q1 2017	Change
Net loss on Novo Nordisk shares*	0.0	-0.6	0.6
Dividends received from Novo Nordisk shares	0.0	0.2	-0.2
Total Novo Nordisk share related items	0.0	-0.4	0.4
Currency hedge gains	0.8	-0.2	1.0
Currency losses	-0.1	-0.4	0.3
Total currency related items	0.7	-0.5	1.2
Interests and bank charges**	-2.7	-2.8	0.1
Total interests and bank charges	-2.7	-2.8	0.1
Net financials	-2.0	-3.7	1.7

* Market value of Novo Nordisk shares less adjustment of obligation related to long-term incentive programs from

** Includes fees to banks in relation to being a public listed company and interesting from leasing liabilities

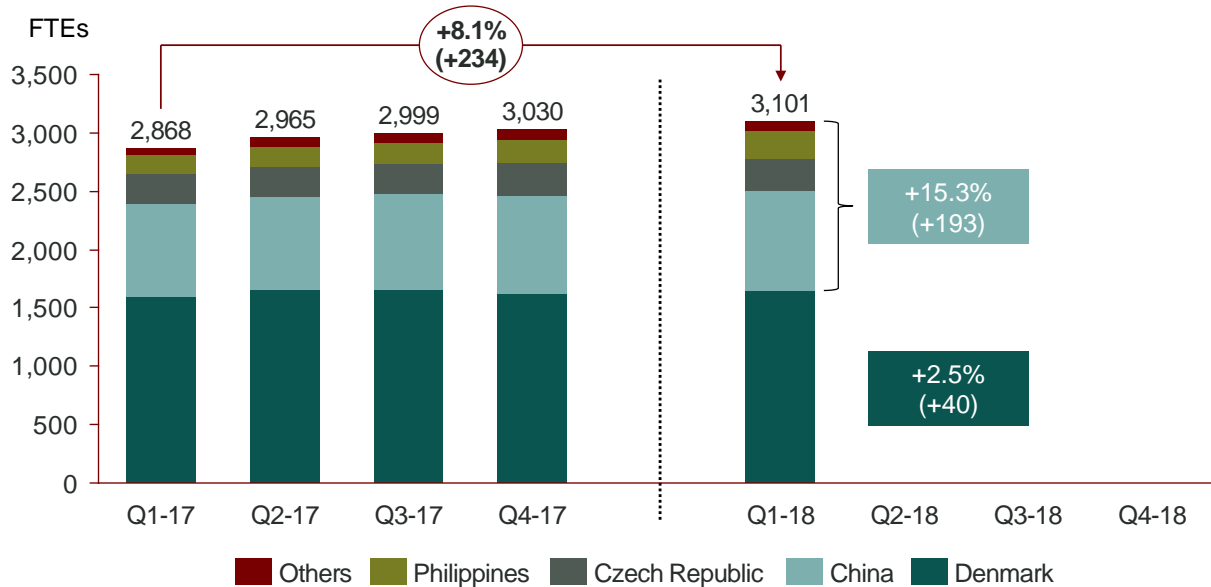
Total Currency hedges DKKm	Q1 2018	Q1 2017	Change
Currency hedge gains/loss in P&L	0.8	-0.2	1.0
Currency hedge gains on Equity	7.7	5.5	2.2
Total currency hedge gains	8.5	5.4	3.2

Net financials for Q1 2018 were DKK -2.0m, which was DKK 1.7m better than Q1 2017.

This was due to:

- Gains on currency hedges (DKK 0.8m) compared to Q1 2017 (DKK -0.2m) due to a general depreciations in exposed currencies
- Improvement in result from Novo Nordisk shares, which were previously held for management long-term incentive program

Employee development



Number of employees increased by 8.1% to 3,101 FTE end of March 2018. This increase was primarily driven by the acquisition of SCALES (121 FTE) and inclusion of around 50 employees taken over from STARK.

Excluding SCALES and the employees from STARK, the underlying growth was only 2.1% (-7.0% in Denmark) entirely driven by countries outside Denmark, in line with the long-term offshoring strategy

Growth outside Denmark was 193 FTE (15.3%) with the Philippines and China as the main contributors.

Share of employees in low cost countries was 44.3% end of March 2018. Excluding SCALES and STARK, the share was 46.9% compared to 42.0% in March 2017.

Balance sheet

Assets DKKm	Q1 2018	Q1 2017
Intangible assets ¹	210.0	32.9
Tangible assets ²	940.6	856.3
Contract assets	173.6	160.7
Deferred tax	57.8	52.0
Deposits	32.8	29.0
Total non-current assets	1,414.8	1,130.9
Inventories	1.7	2.4
Trade receivables	451.2	419.2
Work in progress	77.6	109.7
Other receivables and pre-payments	150.7	140.3
Tax receivables	10.7	3.8
Shares	0.0	10.0
Derivative financial instruments	7.7	5.3
Cash and cash equivalents ³	7.2	262.7
Total Current assets	706.7	953.5
Total assets	2,121.5	2,084.4

Notes

¹ Intangible assets was DKK 210.0m compared to DKK 32.9m in Q1 2017 primarily due to SCALES acquisition (DKK 187.2m)

² Tangible assets were DKK 940.6m compared to DKK 856.3m in Q1 2017 due to data center investment (DKK 161.7m)

³ Cash and cash equivalent was DKK 7.2m compared to DKK 262.7m due to data center investment and the acquisition of SCALES

⁴ SCALES earn out target of DKK 54.3m with an earn out range of 0-130%

Equity and liabilities DKKm	Q1 2018	Q1 2017
Share capital	250.0	250.0
Treasury shares	-4.7	-7.5
Retained earnings	623.1	589.3
Other reserves	11.2	14.4
Proposed dividends	49.1	0.0
Total equity	928.6	846.2
Leasing liability	281.9	345.8
Employee benefit obligation	15.7	19.1
Contingent consideration ⁴	54.3	0.0
Provisions	24.5	23.6
Total non-current liabilities	376.4	388.5
Prepayments received	234.9	291.1
Leasing liability	80.6	75.5
Trade payables	166.4	138.7
Employee cost payable	201.4	227.5
Tax payables	4.6	0.0
Other current liabilities	128.1	103.0
Derivative financial instruments	0.4	0.4
Employee benefit obligation	0.0	11.3
Provisions	0.2	2.2
Total current liabilities	816.5	849.8
Total equity and liabilities	2,121.5	2,084.4

Cash flows

Cash flow DKKm	Q1 2018	Q1 2017	Change
Net profit for the period	45.8	56.0	-10.2
Reversal of non-cash items	79.6	68.6	11.0
Net interest and taxes paid	-35.2	-44.0	8.8
Changes in working capital	82.2	149.7	-67.4
Cash flow from operating activities	172.5	230.3	-57.8
Capitalization of intangible assets	-1.1	-1.6	0.5
Purchase of tangible assets	-28.4	-65.7	37.3
Dividends received	0.0	0.2	-0.2
Sales/(purchase) of shares (net)	0.1	0.0	0.1
Payment of deposits	-0.1	-0.2	0.1
Cash flow from investing activities	-29.5	-67.4	37.8
Dividends paid	-56.4	-53.4	-3.1
Purchase of treasury shares	-37.3	0.0	-37.3
Repayments of lease liability	-23.4	-20.8	-2.6
Cash flow from financing activities	-117.1	-74.1	-2.6
Net cash flow	25.8	88.8	-22.6
Free cash flow	142.9	162.9	-20.0

Cash flow from operating activities was DKK 172.5m, which was DKK 57.8m lower than Q1 2017 due lower effect from changes in working capital. Trade receivables decreased significantly in Q1 2017 due to payment of project milestones and hardware contracts.

Cash flow from investing activities was DKK -29.5m compared to DKK -67.7m in Q1 2017 due to timing of hardware purchases.

Cash flow from financing activities was DKK -117.2m compared to DKK -74.1m in Q1 2017 due purchase of treasury shares to hedge management long-term incentive programs for management.

Free cash flow was DKK 142.9m, which is DKK 20.0m below Q1 2017 mainly due to the development in working capital

Outlook

	2018	Previous guidance
Revenue growth*	Constant currencies: 3-6% Reported currencies: 0.3pp lower	Constant currencies: 4-7% Reported currencies: 0.4pp lower
<i>The expectations for growth in revenue is based on the restated IFRS 15 revenue of DKK 2,851m.</i>		
Operating margin	Constant currencies: 10-10.5% Reported currencies: 0.2pp higher	Constant currencies: 10-10.5% Reported currencies: 0.4pp higher
Capex	Share of revenue: 6-8% ¹	Share of revenue: 6-8% ¹

¹Investments share of revenue is 1pp higher than long-term targets due to some invoices regarding the new data center are first paid in 2018

Closing remarks

- Disappointing revenue decline of 20% from the Novo Nordisk Group
- However, strong growth from particularly the enterprise and international life science customer groups
- Strong positive impact from the acquisition of SCALES
- Unchanged operating profit margin adjusted for timing of Easter despite the large, unexpected decline in revenue from the Novo Nordisk Group
- Revenue growth guidance for 2018 reduced to 3-6% from 4-7%.
- Operating profit margin of 10-10.5% is maintained in constant currencies with investment level of 6-8% of revenue
- Increased uncertainty regarding revenue from the Novo Nordisk Group

Investor contact information

Upcoming events

August 17, 2018:	Interim report for the first six months of 2018
August 22, 2018:	Interim dividend ex dividend date
August 23, 2018:	Interim dividend record date
August 24, 2018:	Interim dividend payment date
October 25, 2018:	Interim report for the first nine months of 2018

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