

INTERIM REPORT

SECOND QUARTER 2014

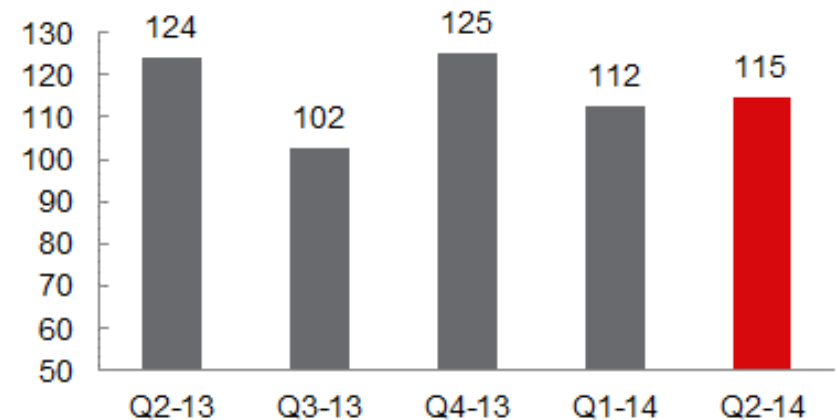
CEO ARNE MJØS
CFO TORUNN HAVRE

OSLO, 22 AUGUST 2014

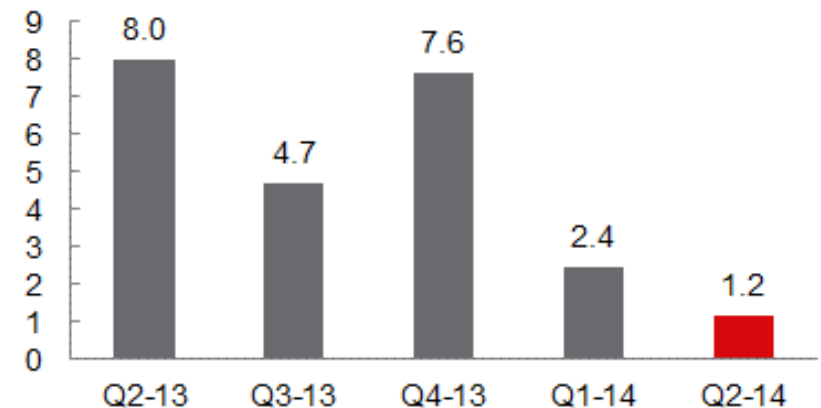
Highlights in the second quarter

- Revenue
 - MNOK 115, down -7 %
due to Easter seasonality
- EBITDA
 - MNOK 6.6; margin 5.7 %
- EBIT
 - MNOK 1.2; margin 1.0 %
- Operating cash flow
 - MNOK 13.0
- New Nearshore Development Center inside EU opened successfully
 - Balanced risks to Ukraine tensions
- Strong order intake in Q2
 - Focus on public sector

Revenues
NOK million

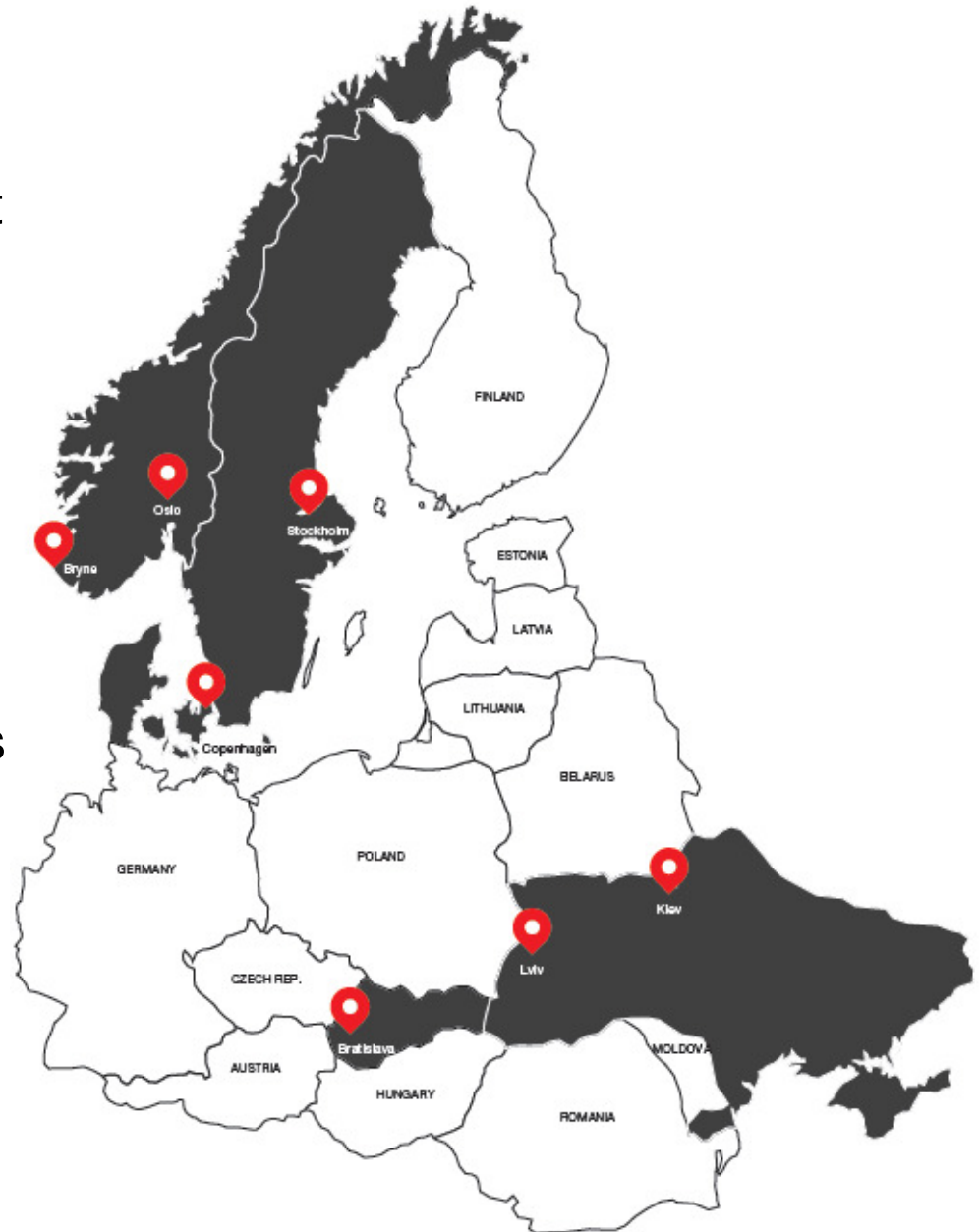


EBIT
NOK million



Revenue and profit are affected by geopolitical tensions in Ukraine

- Customers are managing their risks and this has had some negative impact on 2014 forecasts.
 - No physical impact on business, it is business as usual, but the market perception is high country risk
 - Some potential and existing clients are waiting, postponing decisions
- New Nearshore Development Center is successfully opened in Bratislava in Slovakia inside EU and NATO to balance risks to Ukraine tensions.



FINANCIAL REVIEW

Key figures

		2014	2013	Change	2014	2013	Change
		Q2	Q2		YTD	YTD	
Operating revenue	MNOK	114.8	124.0	-7 %	227.2	237.7	-4 %
Gross profit	MNOK	92.9	96.0	-3 %	187.5	187.3	0 %
EBITDA	MNOK	6.6	13.3	-50 %	14.4	20.7	-30 %
EBITDA margin		5.7 %	10.7 %		6.4 %	8.7 %	
Operating profit (EBIT)	MNOK	1.2	8.0	-85 %	3.6	10.2	-65 %
EBIT margin		1.0 %	6.4 %		1.6 %	4.3 %	
Profit before taxes	MNOK	1.0	7.7	-87 %	3.3	9.8	-66 %
Profit for the period	MNOK	0.7	5.6	-87 %	2.4	7.0	-66 %
Net cash flow from operations	MNOK	13.0	13.5	-4 %	2.2	18.4	-88 %
Cash and cash equivalents	MNOK	32	37	-13 %	32	68	-52 %
Equity ratio		33 %	37 %		33 %	39 %	
Employees at end of period		465	435	7 %	465	435	7 %



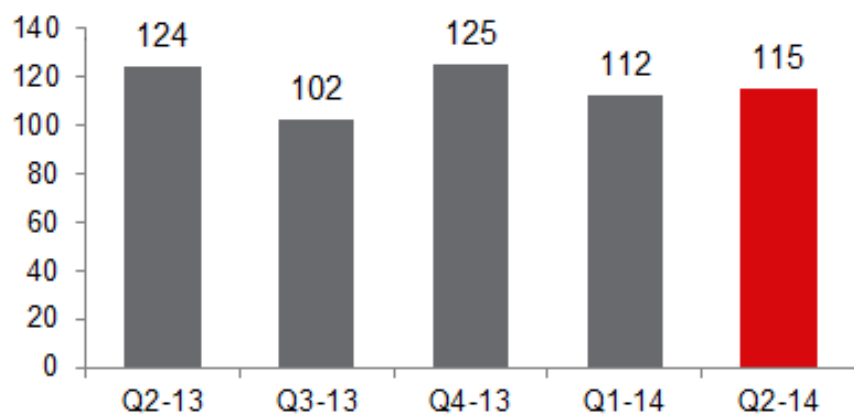
itera
MAKE A DIFFERENCE

First half year was affected by the geopolitical tensions in Ukraine. The new development center inside EU provides new opportunities for the second half year.

Quarterly development

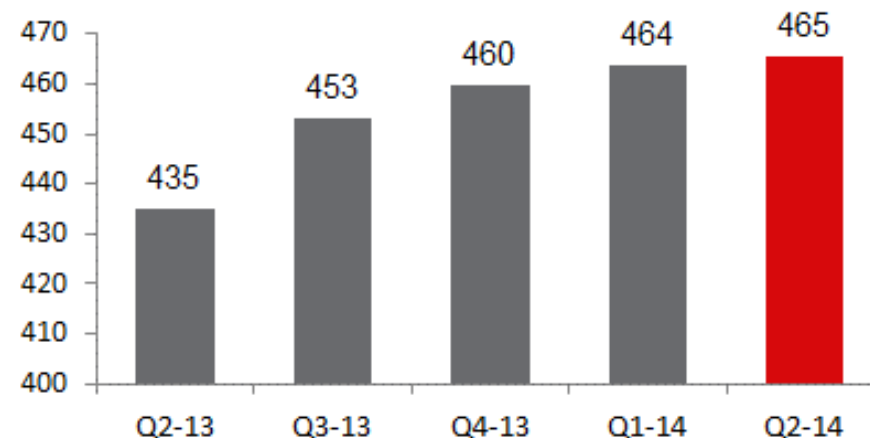
Operating revenue

NOK million



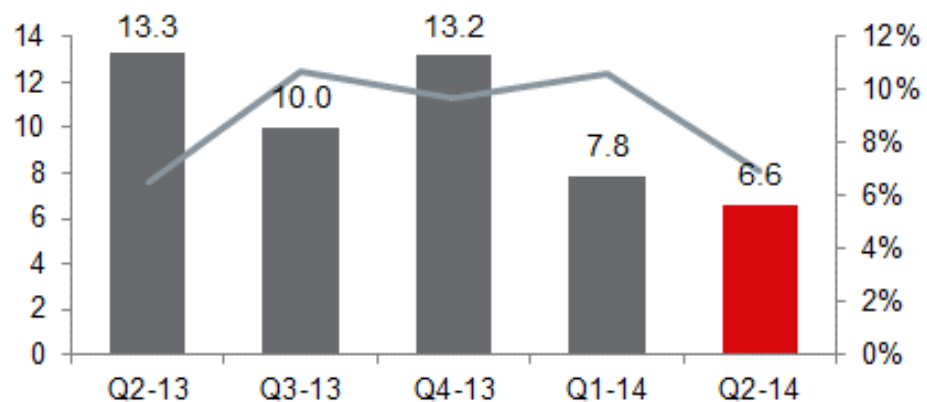
Employees

End of period



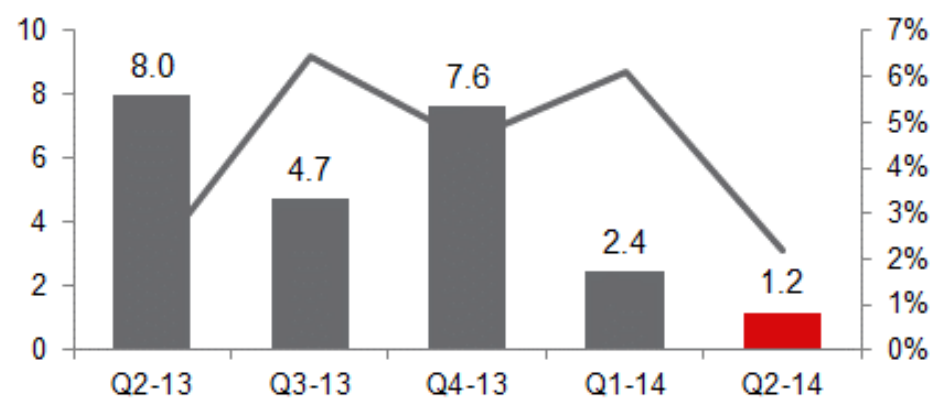
EBITDA

NOK million



EBIT

NOK million



Statement of income

NOK Million	2014 Q2	2013 Q2	Change %	2014 YTD	2013 YTD	Change %
Operating revenue	114.8	124.0	-7 %	227.2	237.7	-4 %
Cost of sales	21.9	28.1	-22 %	39.7	50.3	-21 %
Personnel expenses	74.0	71.3	4 %	149.0	142.7	4 %
Depreciation	5.4	5.3	2 %	10.8	10.5	3 %
Other operating expenses	12.3	11.4	8 %	24.1	23.9	1 %
Total operating expenses	113.6	116.1	-2 %	223.6	227.5	-2 %
Operating profit (EBIT)	1.2	8.0	-85 %	3.6	10.2	-65 %
Net financial income	-0.2	-0.2		-0.3	-0.4	
Profit before taxes	1.0	7.7	-87 %	3.3	9.8	-66 %
Income taxes	0.3	2.2	-88 %	0.9	2.7	-67 %
Net profit for the period	0.7	5.6	-87 %	2.4	7.0	-66 %

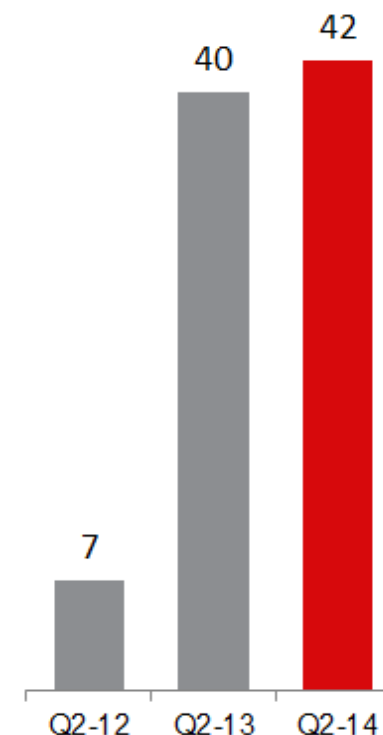


Q2 2014 is impacted by Easter seasonality. For 1H 2014, the half of the revenue decrease is related to termination of a MNOK 10 deal, where a subcontractor does all the work with less than 1% margin to Itera.

Statement of cash flow

NOK Million	2014 Q2	2013 Q2	2014 YTD	2013 YTD	2013 FY
Cash flow from operations (EBITDA)	6.6	13.3	14.4	20.7	43.9
Change in balance sheet items	6.4	0.3	-12.2	-2.3	13.8
Net cash flow from operating activities	13.0	13.5	2.2	18.4	57.7
Net cash flow from investment activities	-2.9	-1.2	-5.2	-2.8	-8.8
Purchase of own shares	0.0	0.0	0.0	0.0	0.0
Borrowings repaid	-2.0	-1.1	-3.9	-2.4	-6.1
External dividend paid	-28.8	-4.9	-28.8	-4.9	-4.9
Net cash flow from financing activities	-30.8	-6.0	-32.7	-7.3	-11.1
Currency effect on cash	0.0	0.0	0.0	0.0	1.3
Net change in bank deposits and cash	-20.8	6.3	-35.7	8.3	39.1
Bank deposits at the end of the period	32.3	37.1	32.3	68.0	68.0

12 month rolling
operating cash



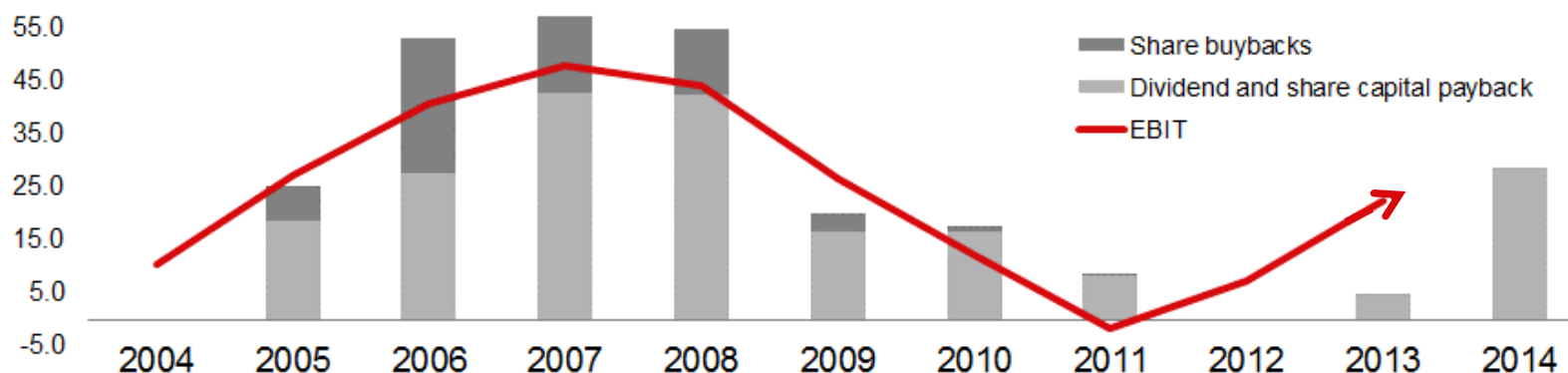
Cash flow from operating activities amounted to MNOK 13.0 in Q2.

Statement of financial position

NOK Million	2014 30 Jun	2013 30 Jun	Change %	2013 31 Dec
Deferred tax assets	9	11	-19 %	9
Other intangible assets	16	18	-14 %	17
Fixed assets	30	30	1 %	28
Total non-current assets	55	59	-7 %	54
Work in progress	8	12	-37 %	16
Accounts receivable	67	85	-21 %	70
Other receivables	20	12	61 %	13
Bank deposits	32	37	-13 %	68
Total current assets	127	146	-13 %	166
Total assets	181	205	-12 %	220
 Total equity	 59	 76	 -21 %	 87
Non-current liabilities	19	17	9 %	16
Accounts payable	22	22	1 %	27
Public duties and tax payables	25	23	5 %	25
Other short-term liabilities	56	67	-16 %	65
Total current liabilities	103	112	-8 %	117
Total equity and liabilities	181	205	-12 %	220
 Equity ratio	 33 %	 37 %		 39 %

Shareholder remuneration

Shareholder remuneration 2004-2013: MNOK 283



Accounting year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2 013	Sum
Dividend per share	0.20	-	0.30	0.50	0.20	0.20	0.10	-	0.06	0.35	1.91
Share capital payback per share	-	-	0.30	0.20	-	-	-	-	-	-	0.50
Sum	0.20	-	0.60	0.70	0.20	0.20	0.10	-	0.06	0.35	2.41



A dividend of NOK 0.35 per share was paid in Q2 2014, MNOK 28.8 in total.

BUSINESS REVIEW

Long term profitable growth: Key enablers

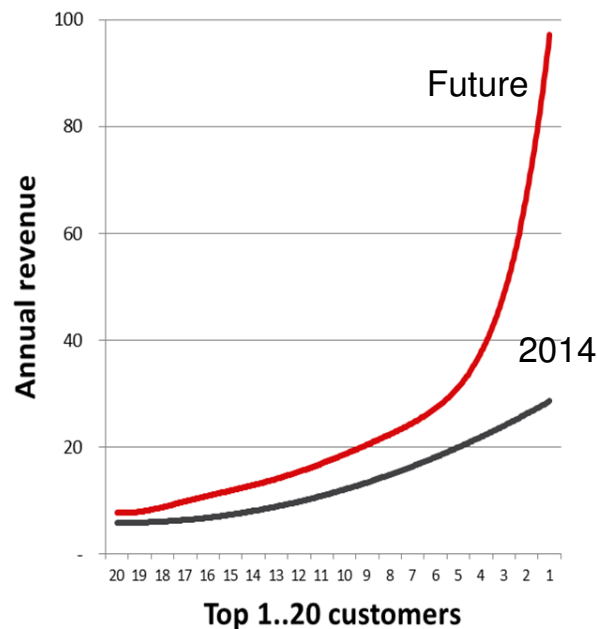
Communication
AND
Technology



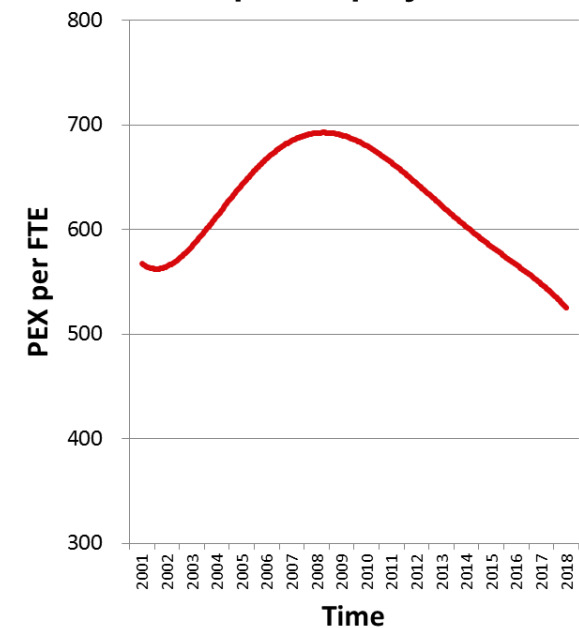
Larger projects
and revenue
visibility

50 %+ of staff
nearshore

Top 20 customer mix



PEX per employee



Itera is a communication and technology company that provides innovative solutions



460
EMPLOYEES

People and expertise

We are more than 460 dedicated specialists in communication and technology. We operate in flexible teams across disciplines, geographical borders and customer industries.



INNOVATIVE
PASSIONATE
SKILLED

Values and culture

Itera believes in values as the basis for building a strong company culture. Our values are innovative, passionate and skilled. They tell our customers what they can expect from us.

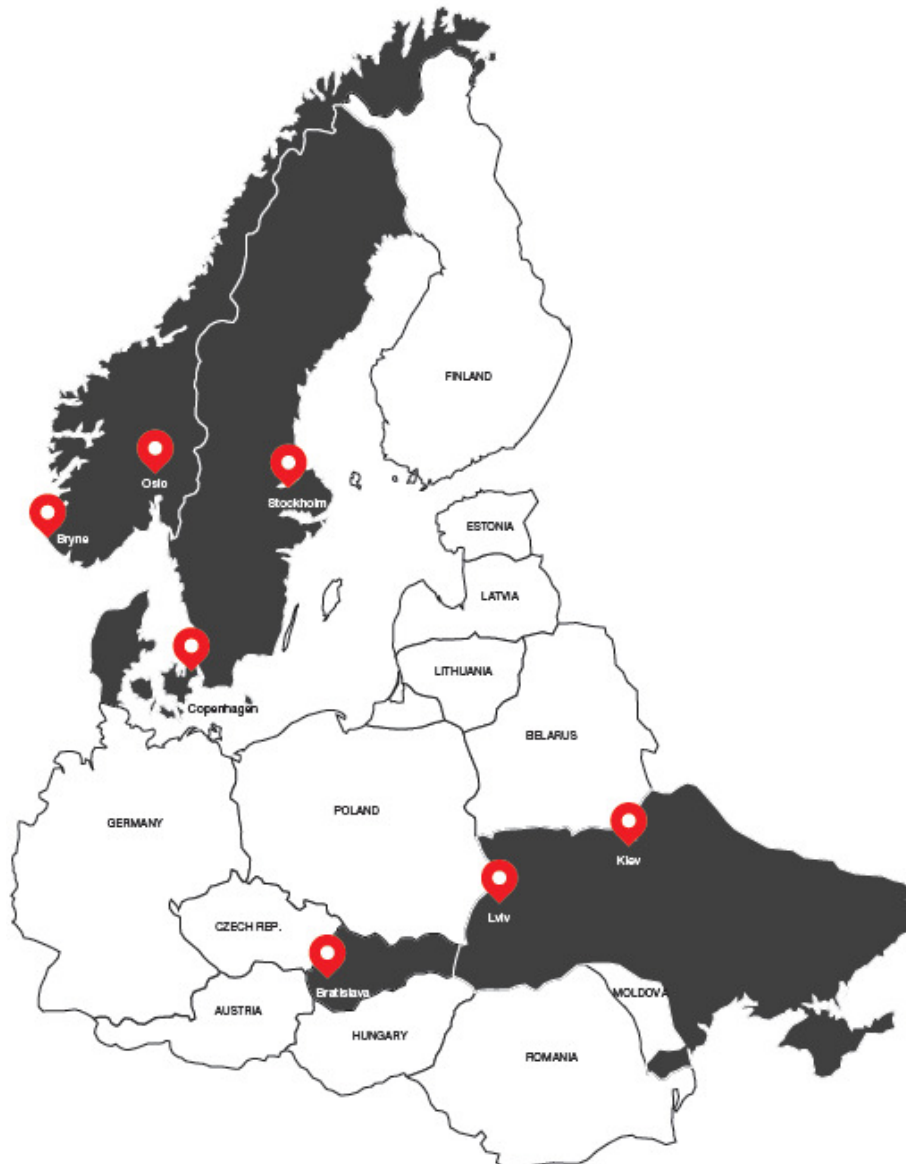


NORWAY
SWEDEN
DENMARK
NEARSHORE

Listed and international

We have offices in Oslo, Bryne, Stockholm and Copenhagen in addition to Bratislava in Slovakia and Kiev and Lviv in Ukraine. Itera is listed on the Oslo Stock Exchange under the ticker ITE.

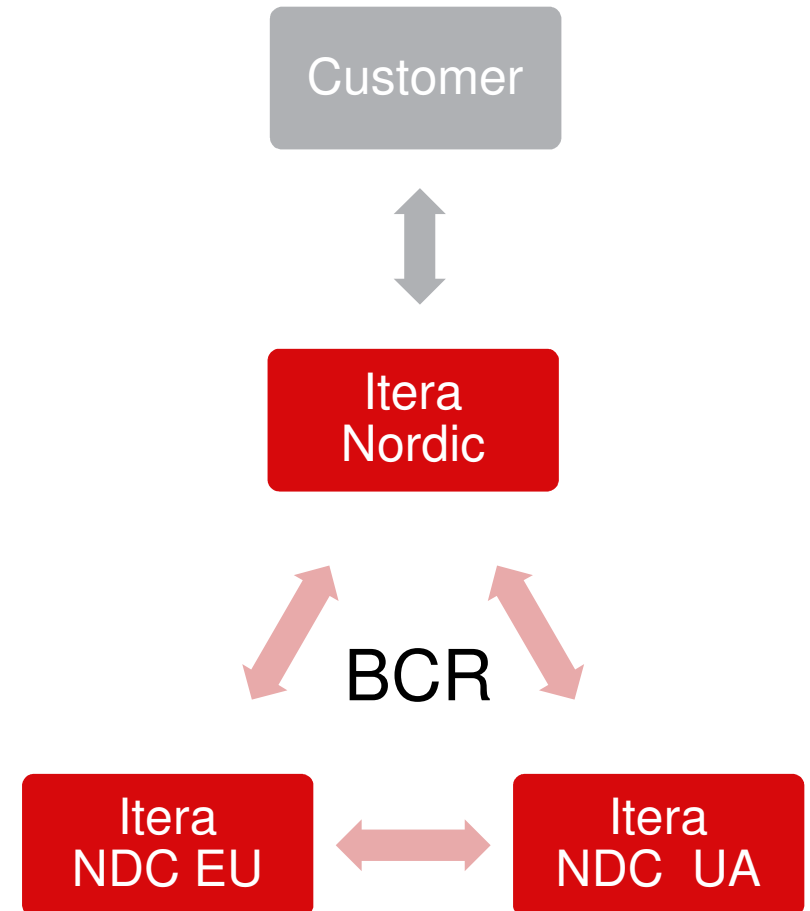
Our multi site strategy provides agility, scalability and access to top notch resources



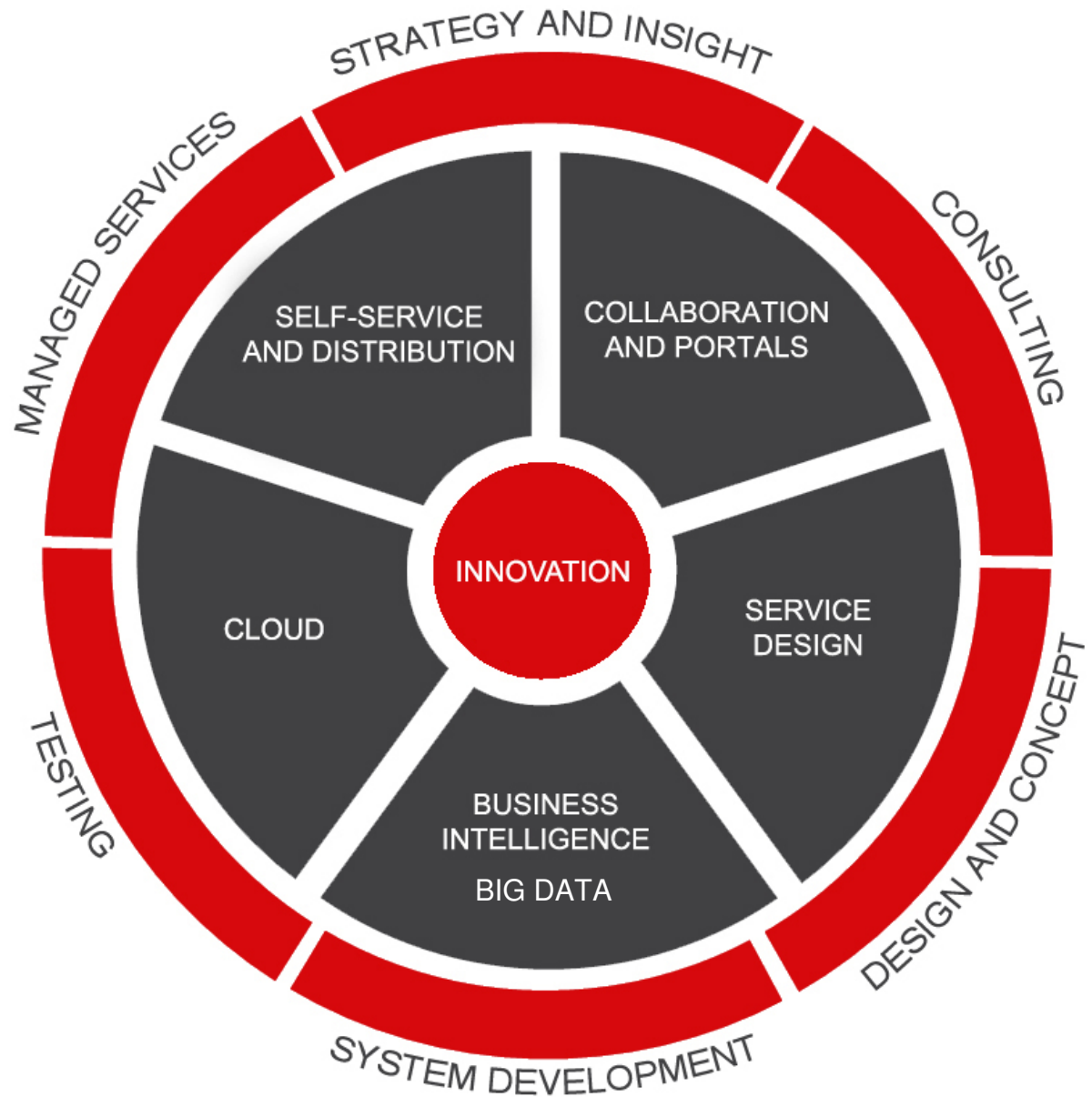
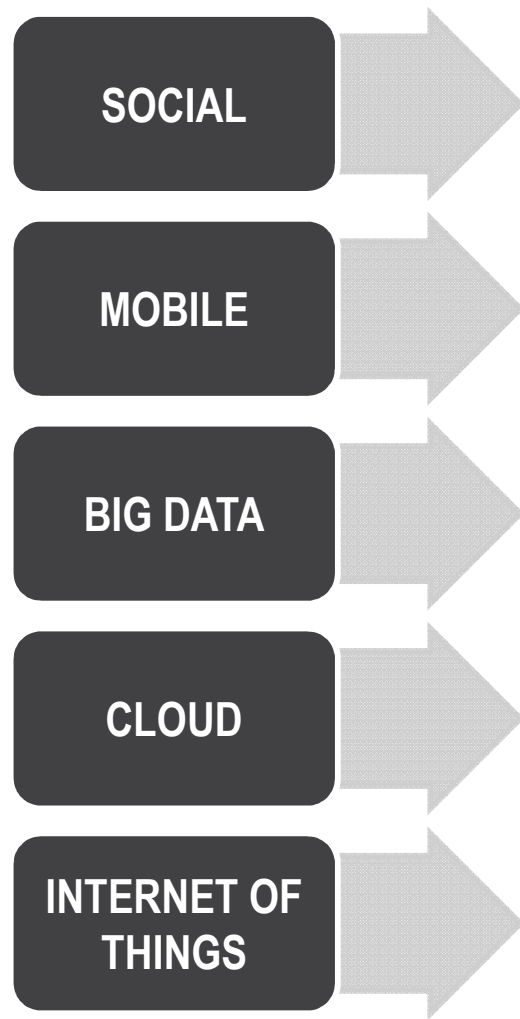
- **A Nordic full service provider with seamless nearshoring**
 - Serving leading customers in fast growing industries
- **Flexibility of a hybrid model**
 - Sourcing for value before volume by maximizing efficiency instead of capacity only
- **A multi-site strategy**
 - Nearshore development centers (NDC) are located inside and outside EU
- **EU Data Protection Law compliance**
 - Binding corporate rules (BCR) ensures data protection for all flows of data across borders

Transfers of personal data across borders in compliance with EU Data Protection Law

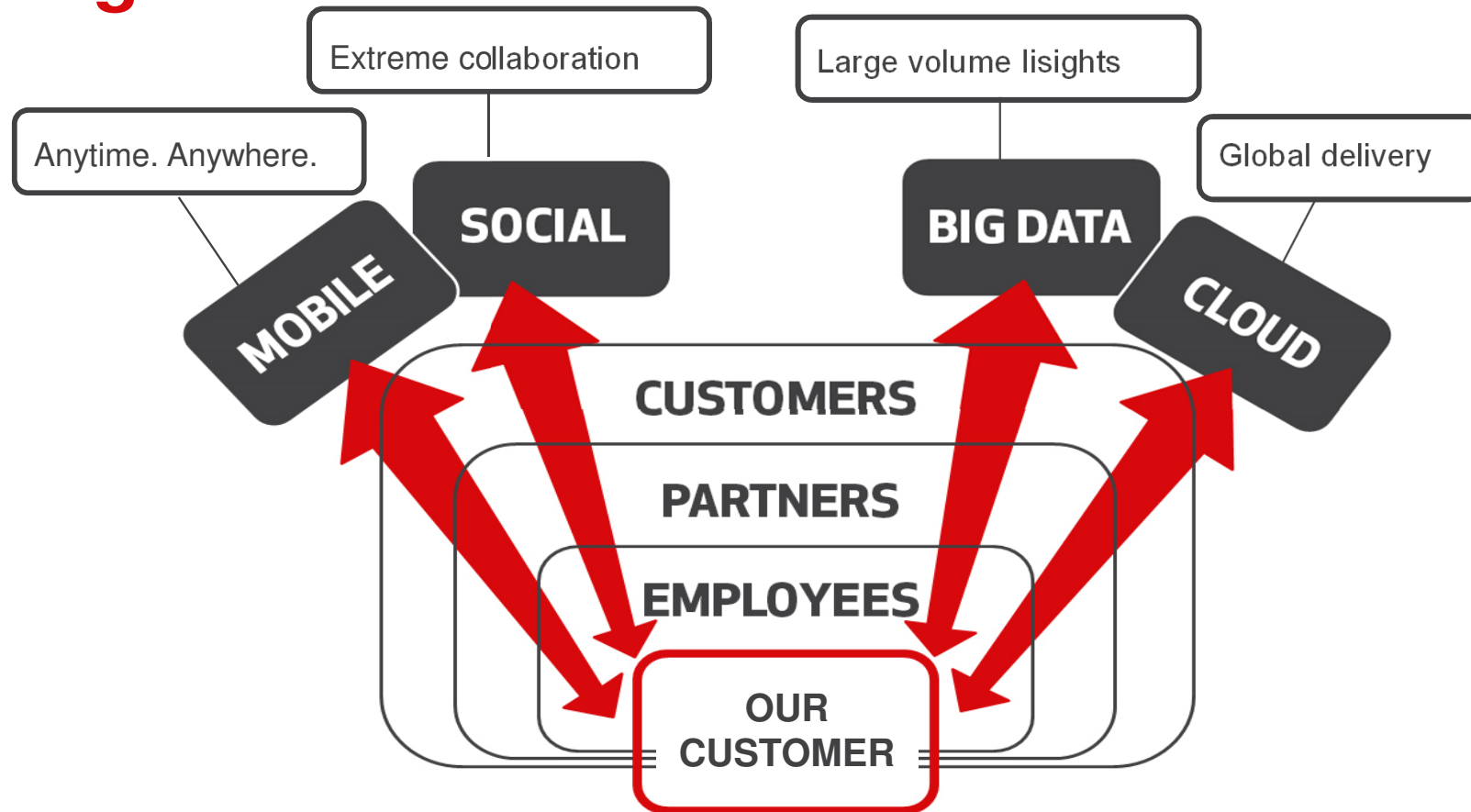
- Binding Corporate Rules (BCR) at Itera make it possible to...
 - be in compliance with the principles set out by European Data Protection Law for all flows of data within Itera
 - harmonize practices relating to the protection of personal data within Itera
 - prevent the risks resulting from data transfers to third countries
 - avoid the need for a contract for each single transfer
 - make data protection integral to the way Itera carries out its business



Disruptive IT forces drive our service offerings and key focus areas



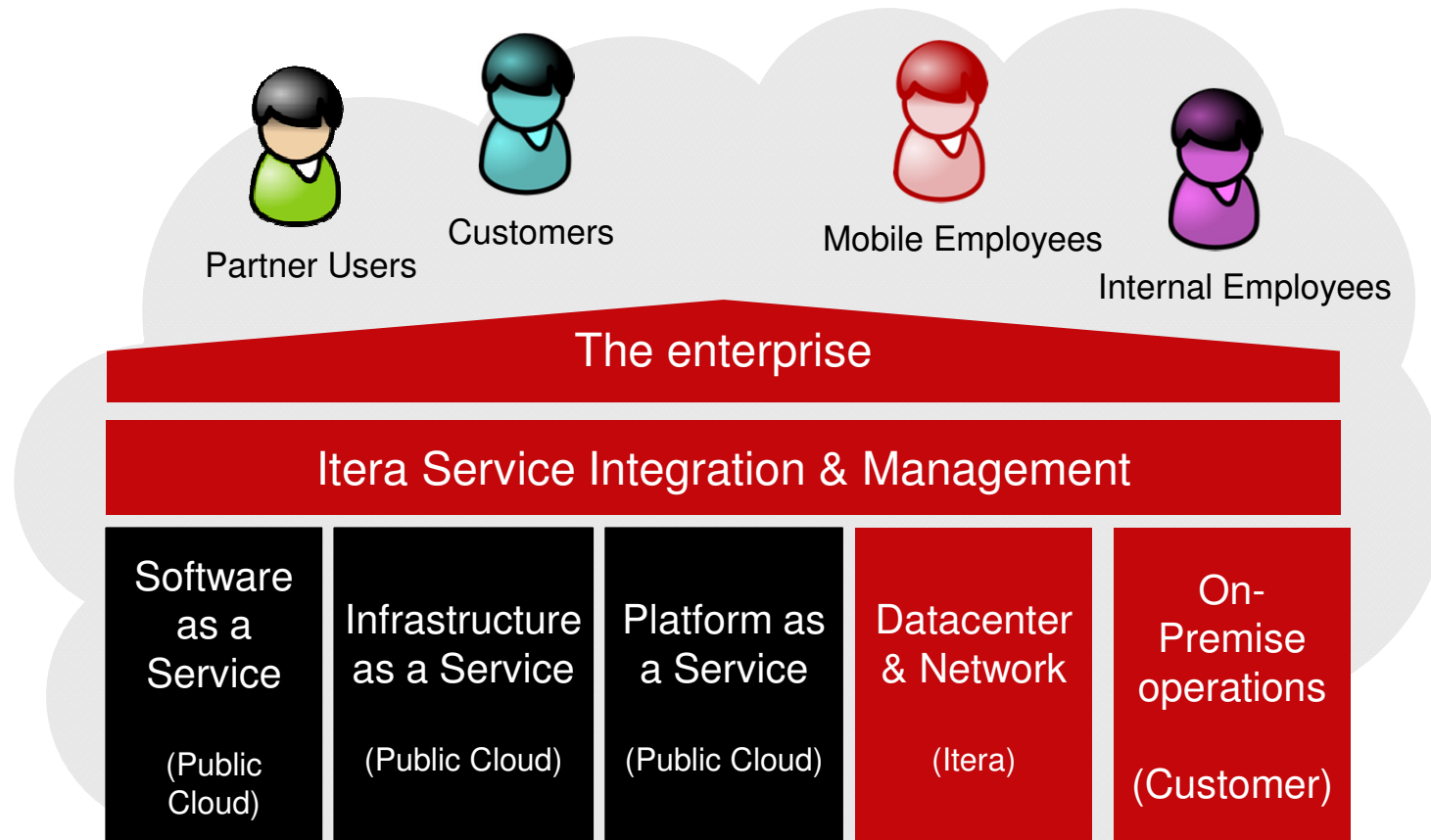
Key drivers cause increased demand for digital strategies



itera
MAKE A DIFFERENCE

Itera delivered digital strategy projects to several large customers in Q2, which are set to turn into large implementation projects going forward.

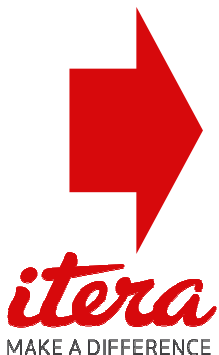
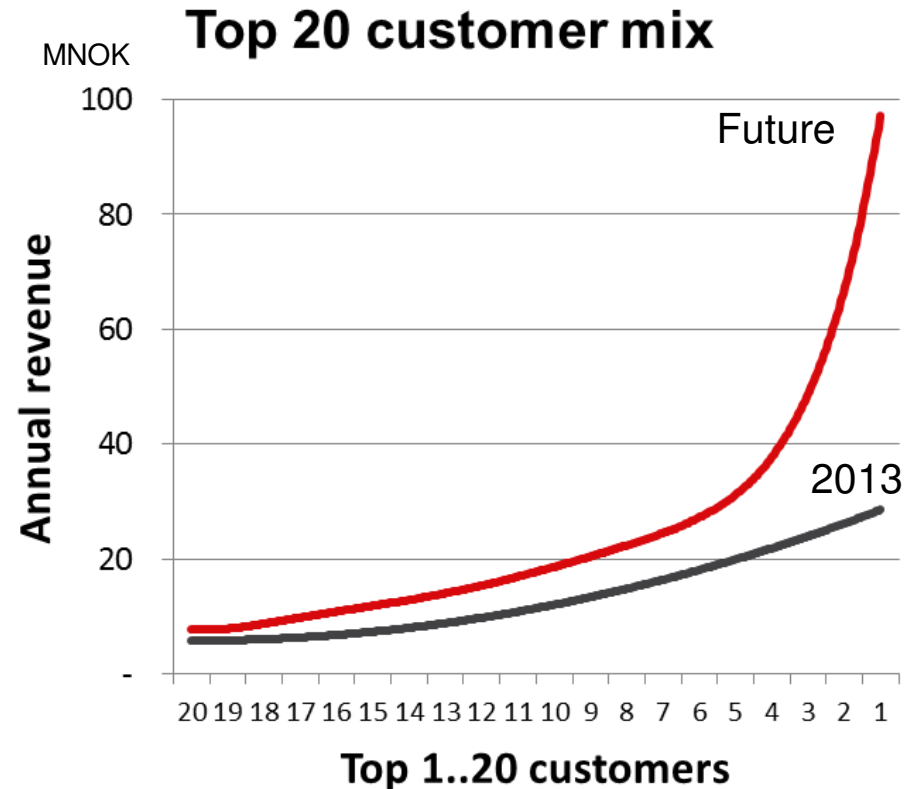
From traditional hosting to hybrid cloud and service integration and management



A majority of organizations in the Nordics have planned to adopt cloud solutions, a new paradigm shift in IT-outsourcing. Itera is transforming its customers into hybrid cloud in NOR and SWE.

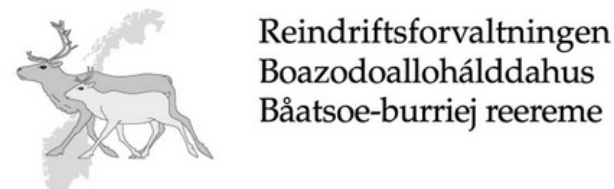
Development of larger projects and larger revenue per customer

- Top 1 customer up by 59 % YTD
- Top 3 customers up by 35 % YTD
- Top 5 customers up by 26 % YTD
- Top 10 customers up by 11 % YTD
- Top 30 customers up by -2% YTD.
- Benefits:
 - Increasing revenue visibility
 - Improving operational efficiency
 - Declining sales and overhead cost



We are approaching our target: several customers should buy services from Itera for more than MNOK 50 per year. Top 1 customer is estimated to MNOK 40 in 2014.

Solid order intake in Q2 where focus on public sector started to pay off



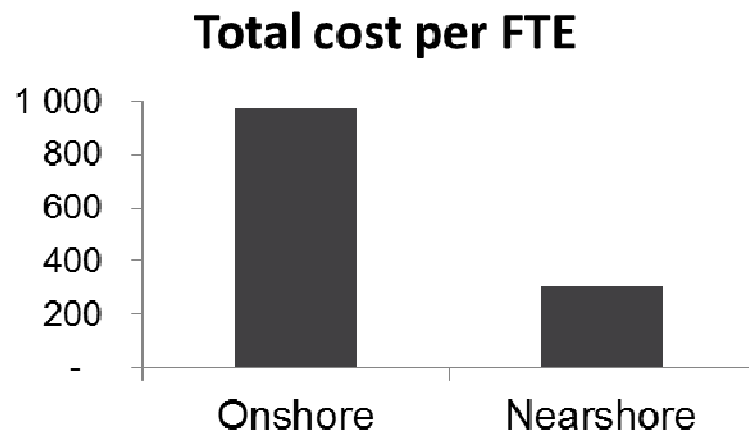
Oslo kommune



Order intake in Itera Norway was MNOK 79 in Q2 2014, while book-to-bill ratio was 1.24 in 1H 2014.

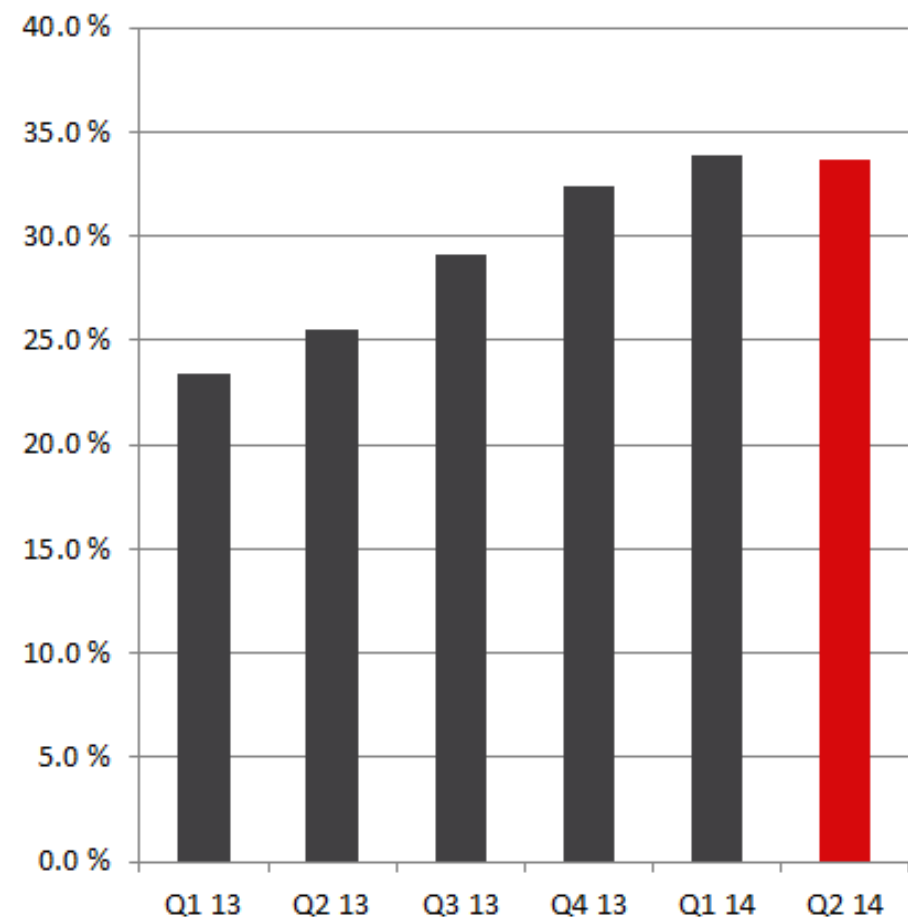
Nearshore ratio development

- Nearshore ratio 34 % in Q2, showing a temporary flat development
- Nearshore ratio target is more than 50 %
- Mixed teams are increasing our price flexibility in addition to unlimited access to resources



Nearshore ratio

% nearshore of all staff



OUTLOOK

Outlook

- Customer demand remains strong in all Nordic markets
 - Profitable growth and cash flow are key focus areas
 - Opening a new Nearshore Development Center inside EU will balance the risks to Ukraine tensions
 - Larger projects and customers should gradually increase revenue visibility, efficiency and scalability
-
- Itera makes no forecasts

Top 20 shareholders

ISIN: NO0010001118

Name: ITERA ASA

Security type: AK

Date: 21.08.2014

Holding ▼	Percentage ◆	Name ◆	Account type ◆	Citizenship ◆
15,018,298	18.27	ARNE MJØS INVEST AS		NOR
5,728,150	6.97	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
5,242,206	6.38	MIDELFART INVEST AS		NOR
3,687,529	4.49	OP CAPITAL AS		NOR
3,275,250	3.99	VERDIPAPIRFONDET DNB		NOR
3,000,000	3.65	EIKESTAD A/S C/O PARTNER REVISJON		NOR
2,200,000	2.68	JØSYRA INVEST AS		NOR
2,080,698	2.53	BOINVESTERING AS		NOR
2,031,588	2.47	MARXPIST INVEST AS		NOR
1,950,000	2.37	SEPTIM CONSTULTING A		NOR
1,798,587	2.19	GAMST INVEST AS		NOR
1,761,808	2.14	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,302,100	1.58	GIP AS		NOR
1,000,000	1.22	FRAMAR INVEST AS C/O FRANK MARTINSEN		NOR
988,338	1.20	JOHS. HAUGERUDSVEI A		NOR
900,000	1.10	AANESTAD PANAGRI AS		NOR
617,400	0.75	DnB NOR MARKETS, AKS		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI MORTEN JOHNSEN		NOR
597,398	0.73	STOREBRAND LIVSFORSI P980, AKSJEFONDET		NOR
535,247	0.65	DANSKE BANK A/S 3887 OPERATIONS SEC.	NOM	DNK
54,314,597	66.09			