

INTERIM REPORT

THIRD QUARTER 2014

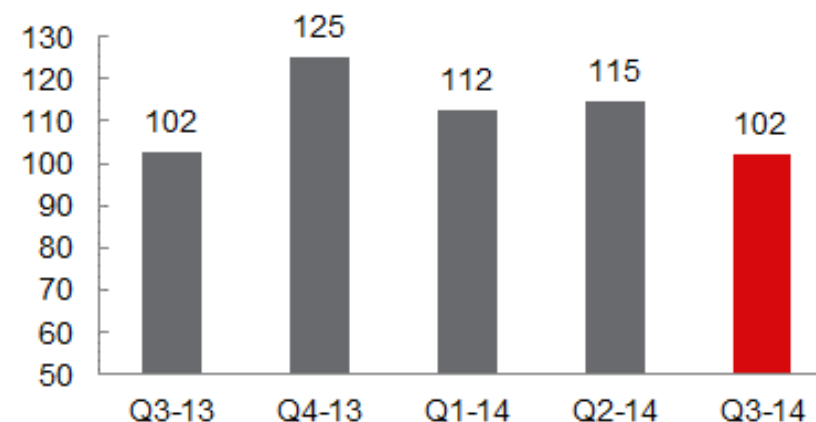
CEO ARNE MJØS
CFO TORUNN HAVRE

OSLO, 29 OCTOBER 2014

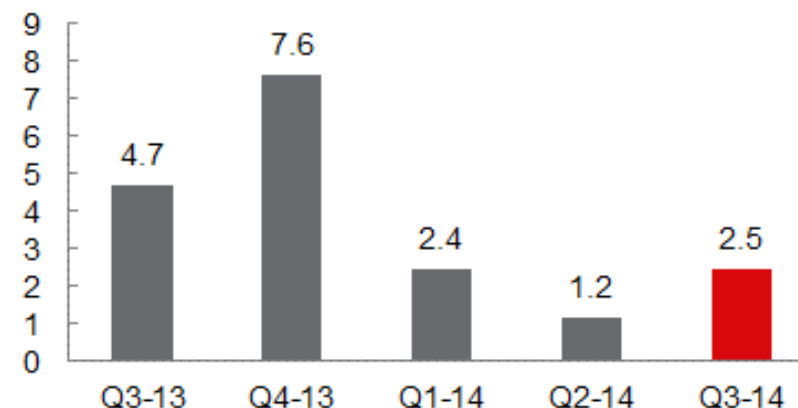
Highlights in the third quarter

- Revenue
 - MNOK 102; showing sequential growth after seasonality
- EBITDA
 - MNOK 7.7; margin 7.6 %
- EBIT
 - MNOK 2.5; margin 2.4 %
- Revenue and profit are affected by Ukraine tensions in 1H 2014
- New Nearshore Development Center opened successfully in Bratislava
- Strong order intake

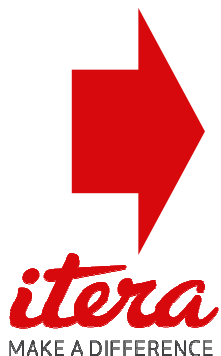
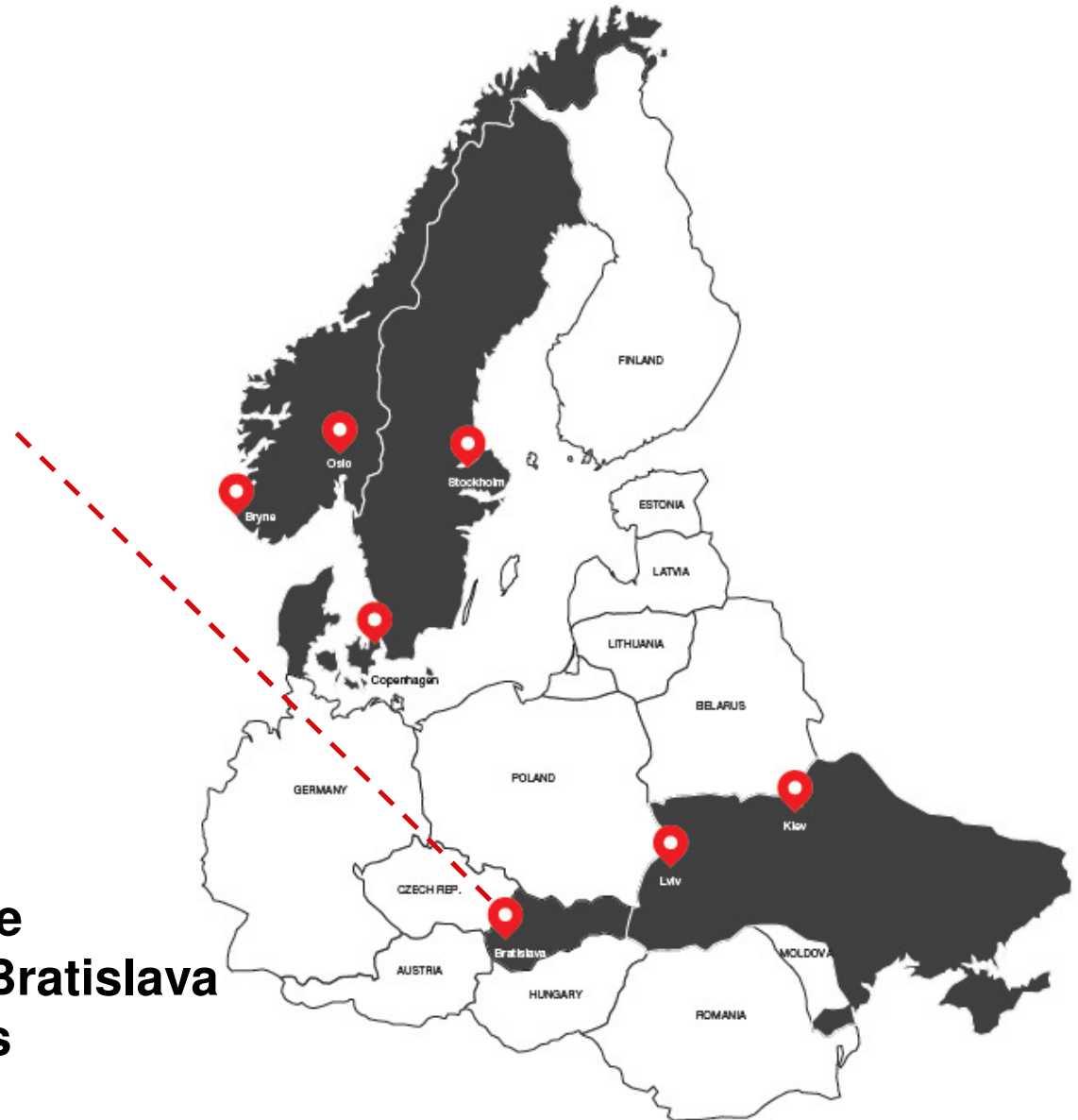
Revenues
NOK million



EBIT
NOK million



Profit was affected by revenue drop in 1H 2014 due to Ukraine tensions but demand is picking up



In Q3, the new Nearshore Development Center in Bratislava was ready for customers

FINANCIAL REVIEW

Key figures

		2014 Q3	2013 Q3	Change	2014 YTD	2013 YTD	Change
Operating revenue	MNOK	102.3	102.5	0 %	329.5	340.1	-3 %
Gross profit	MNOK	84.7	85.1	-1 %	272.2	272.5	0 %
EBITDA	MNOK	7.7	10.0	-22 %	22.2	30.7	-28 %
EBITDA margin		7.6 %	9.7 %		6.7 %	9.0 %	
Operating profit (EBIT)	MNOK	2.5	4.7	-48 %	6.1	14.9	-59 %
EBIT margin		2.4 %	4.6 %		1.8 %	4.4 %	
Profit before taxes	MNOK	2.3	3.7	-36 %	5.7	13.4	-58 %
Profit for the period	MNOK	1.7	2.6	-35 %	4.1	9.7	-57 %
Net cash flow from operations	MNOK	-3.2	4.0	-179 %	-1.0	21.9	-104 %
Cash and cash equivalents	MNOK	25	38	-34 %	25	38	-34 %
Equity ratio		36 %	43 %		36 %	43 %	
Employees at end of period		465	453	3 %	465	453	3 %

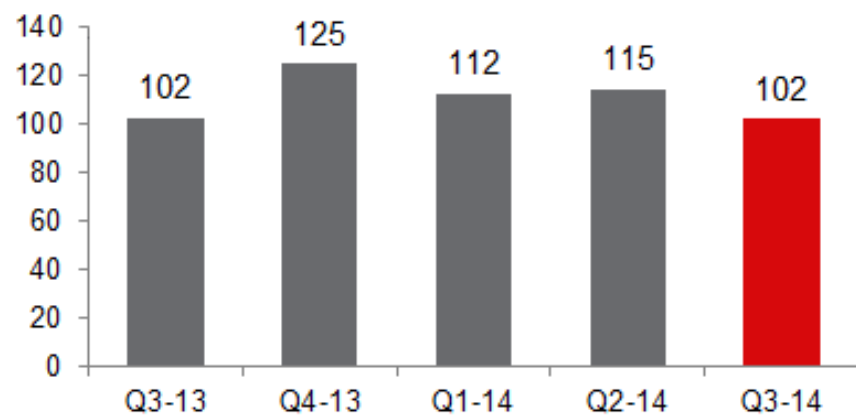


First half year was affected by the geopolitical tensions in Ukraine but demand was picking up again in Q3 2014

Quarterly development

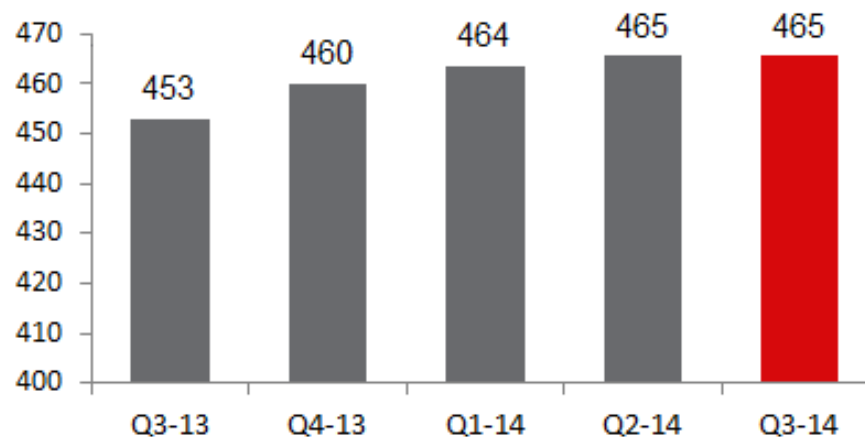
Operating revenue

NOK million



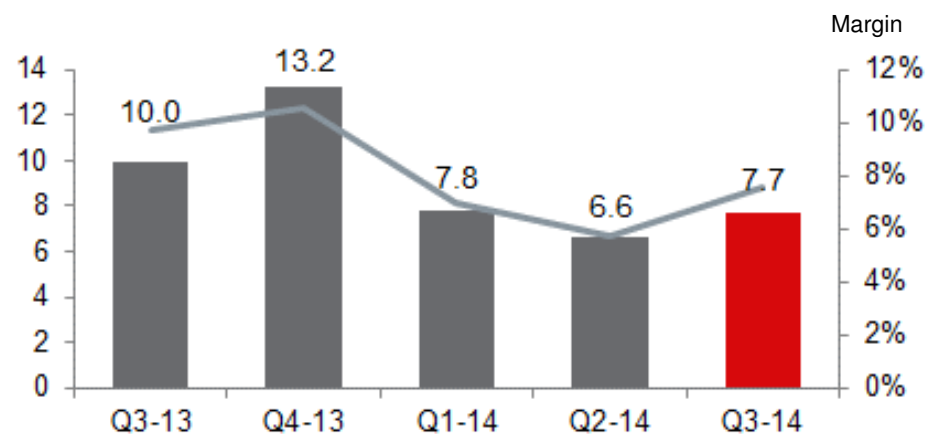
Employees

End of period



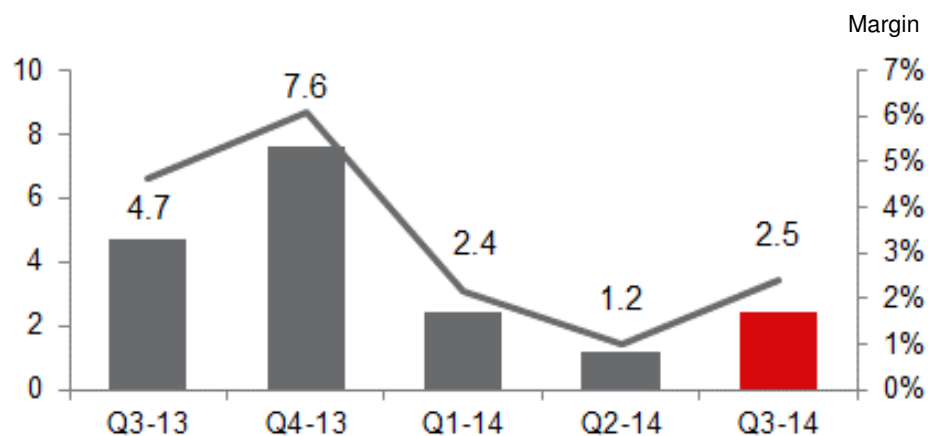
EBITDA

NOK million



EBIT

NOK million



Statement of income

NOK Million	2014 Q3	2013 Q3	Change %	2014 YTD	2013 YTD	Change %
Operating revenue	102.3	102.5	0 %	329.5	340.1	-3 %
Cost of sales	17.6	17.3	1 %	57.3	67.7	-15 %
Personnel expenses	64.0	61.9	3 %	213.0	204.6	4 %
Depreciation	5.3	5.2	1 %	16.1	15.8	2 %
Other operating expenses	12.9	13.3	-3 %	37.0	37.2	-1 %
Total operating expenses	99.8	97.8	2 %	323.4	325.2	-1 %
Operating profit (EBIT)	2.5	4.7	-48 %	6.1	14.9	-59 %
Net financial income	-0.1	-1.0		-0.4	-1.5	
Profit before taxes	2.3	3.7	-36 %	5.7	13.4	-58 %
Income taxes	0.6	1.0	-38 %	1.5	3.8	-59 %
Net profit for the period	1.7	2.6	-35 %	4.1	9.7	-57 %

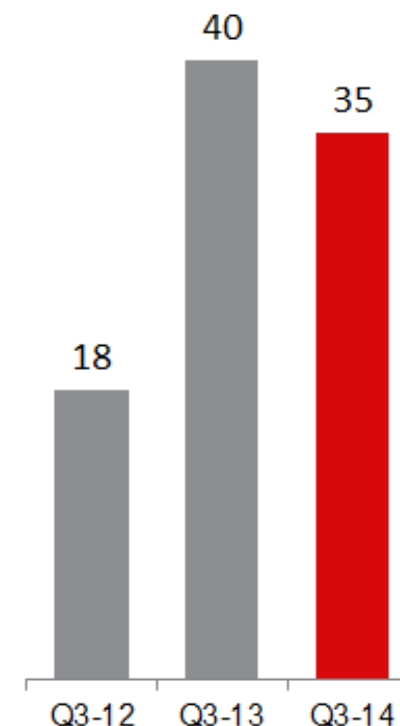


Profit is affected by extraordinary expenses for establishing new nearshore development center in Bratislava.

Statement of cash flow

12 month rolling operating cash

NOK Million	2014 Q3	2013 Q3	2014 YTD	2013 YTD	2013 FY
Cash flow from operations (EBITDA)	7.7	10.0	22.2	30.7	43.9
Change in balance sheet items	-10.9	-6.0	-23.1	-8.8	13.8
Net cash flow from operating activities	-3.2	4.0	-1.0	21.9	57.7
Net cash flow from investment activities	-2.2	-1.2	-7.4	-4.0	-8.8
Purchase of own shares	-0.1	0.0	-0.1	0.0	0.0
Borrowings repaid	-1.8	-1.6	-5.7	-4.0	-6.1
External dividend paid	0.0	0.0	-28.8	-4.9	-4.9
Net cash flow from financing activities	-1.9	-1.6	-34.6	-9.0	-11.1
Currency effect on cash	0.0	-0.1	0.0	0.4	1.3
Net change in bank deposits and cash	-7.3	1.0	-43.0	9.3	39.1
Bank deposits at the end of the period	25.0	38.1	25.0	38.1	68.0



Rolling 12-month operating cash flow amounted to MNOK 35.

Statement of financial position

NOK Million	2014 30 Sept	2013 30 Sept	Change %	2013 31 Dec
Deferred tax assets	8	10	-18 %	9
Other intangible assets	15	17	-13 %	17
Fixed assets	28	27	5 %	28
Total non-current assets	52	54	-5 %	54
Work in progress	7	13	-48 %	16
Accounts receivable	68	66	3 %	70
Other receivables	18	12	52 %	13
Bank deposits	25	38	-34 %	68
Total current assets	118	129	-9 %	166
Total assets	169	184	-8 %	220
 Total equity	 61	 79	 -23 %	 87
Non-current liabilities	18	16	12 %	16
Accounts payable	14	18	-24 %	27
Public duties and tax payables	26	20	32 %	25
Other short-term liabilities	51	51	0 %	65
Total current liabilities	91	89	2 %	117
Total equity and liabilities	169	184	-8 %	220
 Equity ratio	 36 %	 43 %		 39 %



The financial position is strong with a equity ratio of 36 % after dividend payment of MNOK 28.8 in Q2 2014

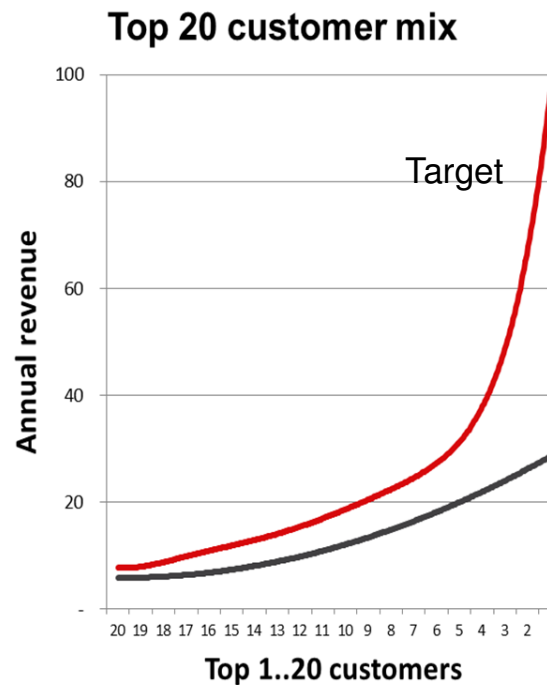
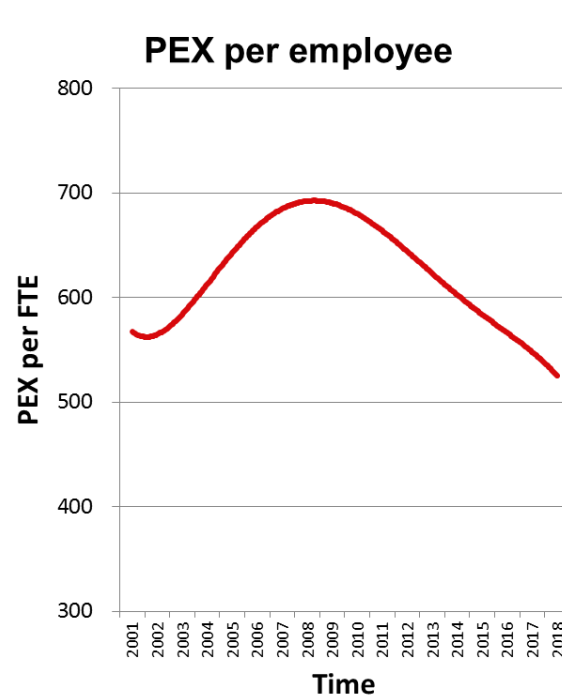
BUSINESS REVIEW

Long term profitable growth: Key enablers

50 %+ of staff
nearshore

Larger projects
and revenue
visibility

Communication
AND
Technology



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

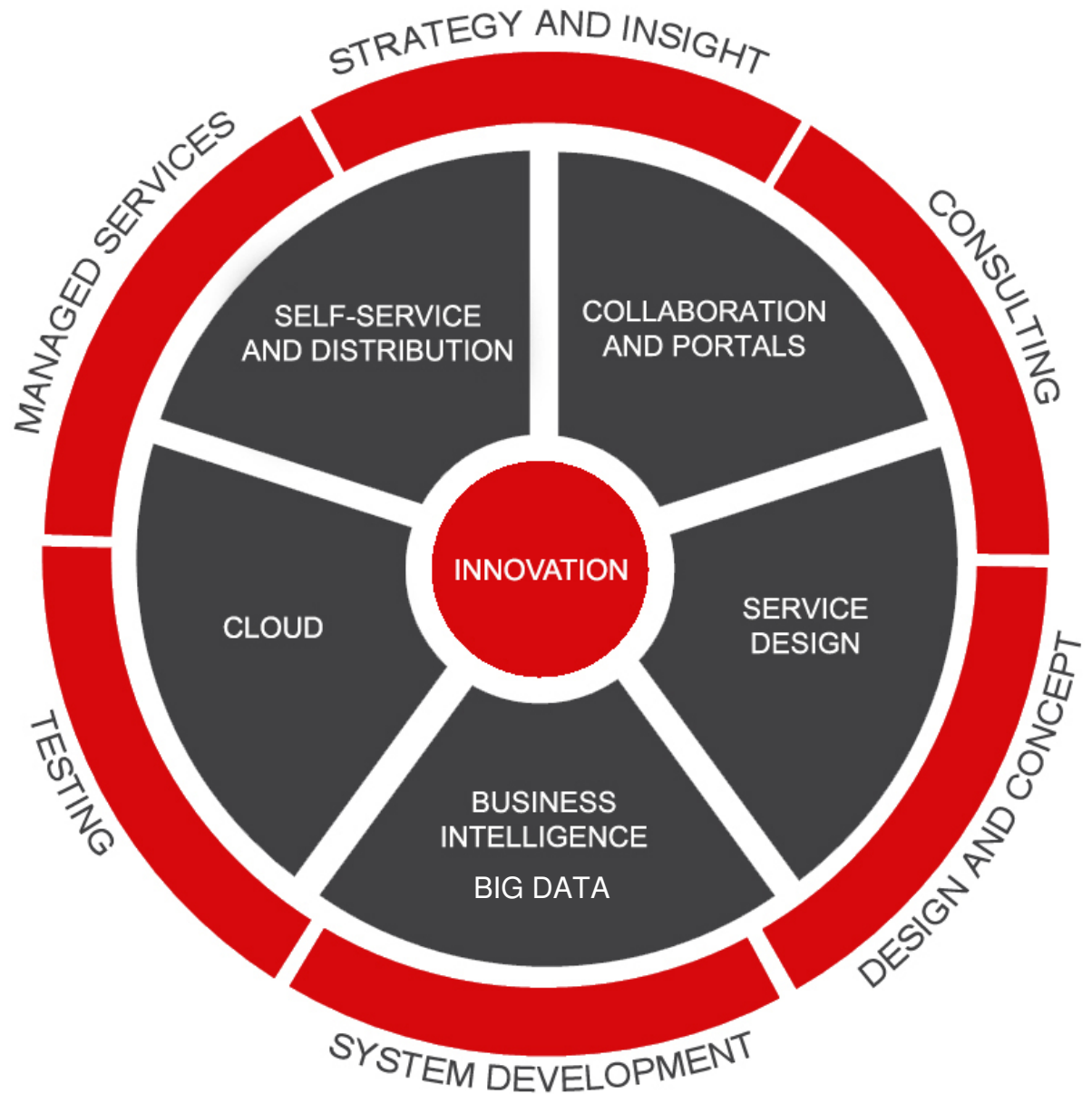
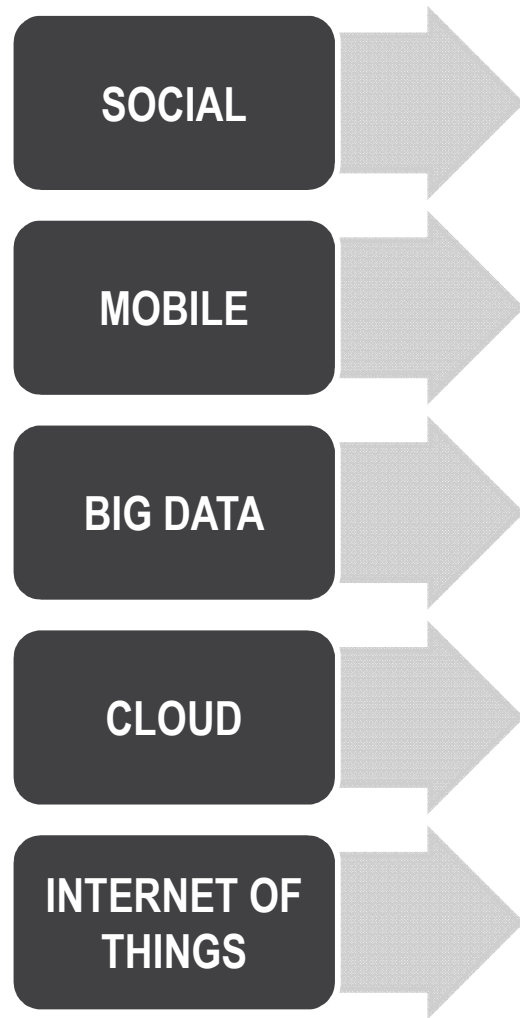
We have offices in Oslo, Bryne, Stockholm and Copenhagen in addition to Bratislava in Slovakia and Kiev and Lviv in Ukraine. Itera is listed on the Oslo Stock Exchange under the ticker ITE.

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



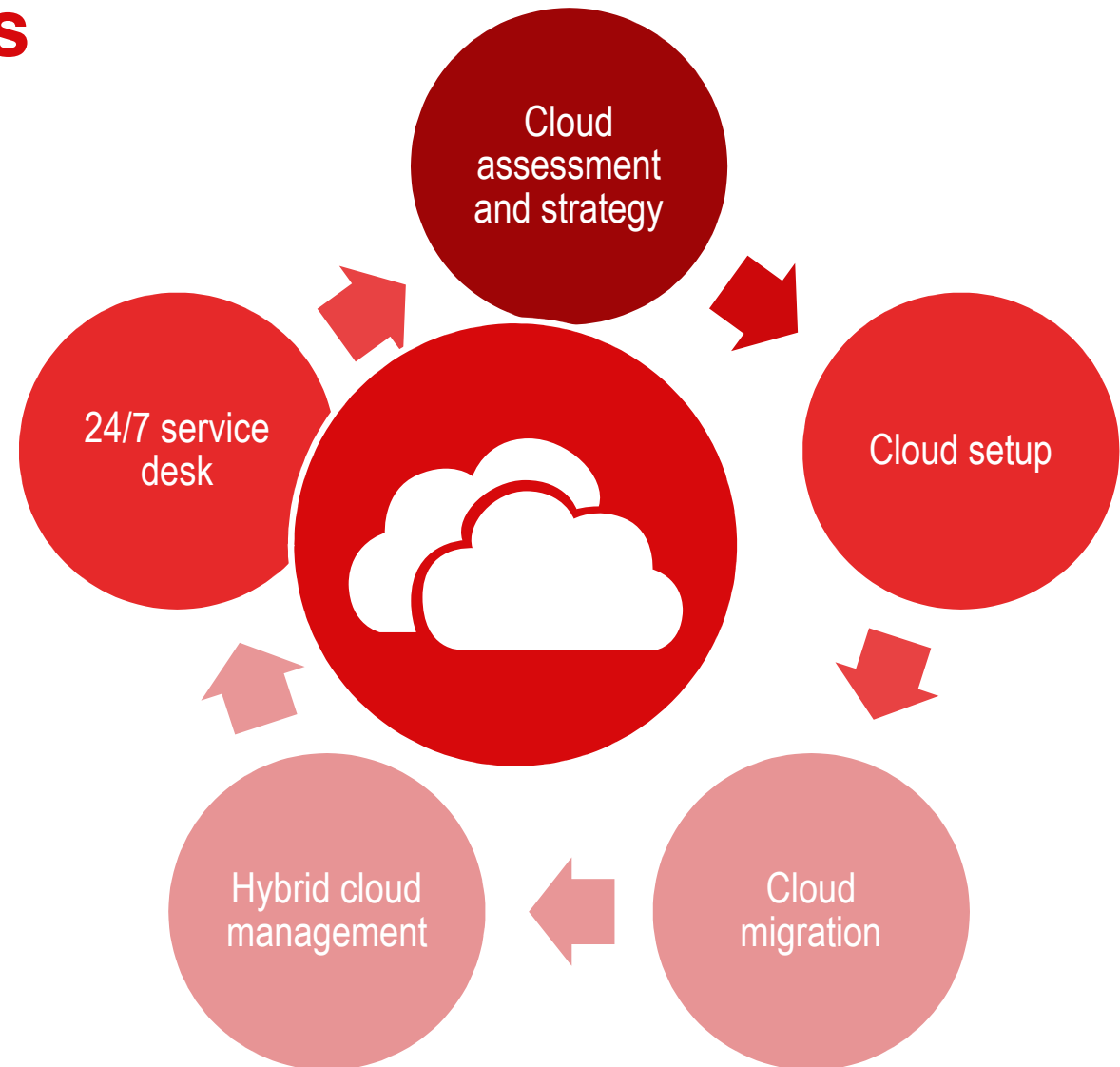
- **A Nordic full service provider with seamless nearshoring**
 - Serving leading customers in fast growing industries
- **Flexibility of a hybrid model**
 - Sourcing for value before volume by maximizing efficiency instead of capacity only
- **A multi-site strategy**
 - Nearshore development centers (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

Disruptive IT forces drive our service offerings and key focus areas



New services are developed to move customers into cloud solutions

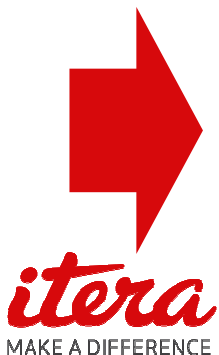
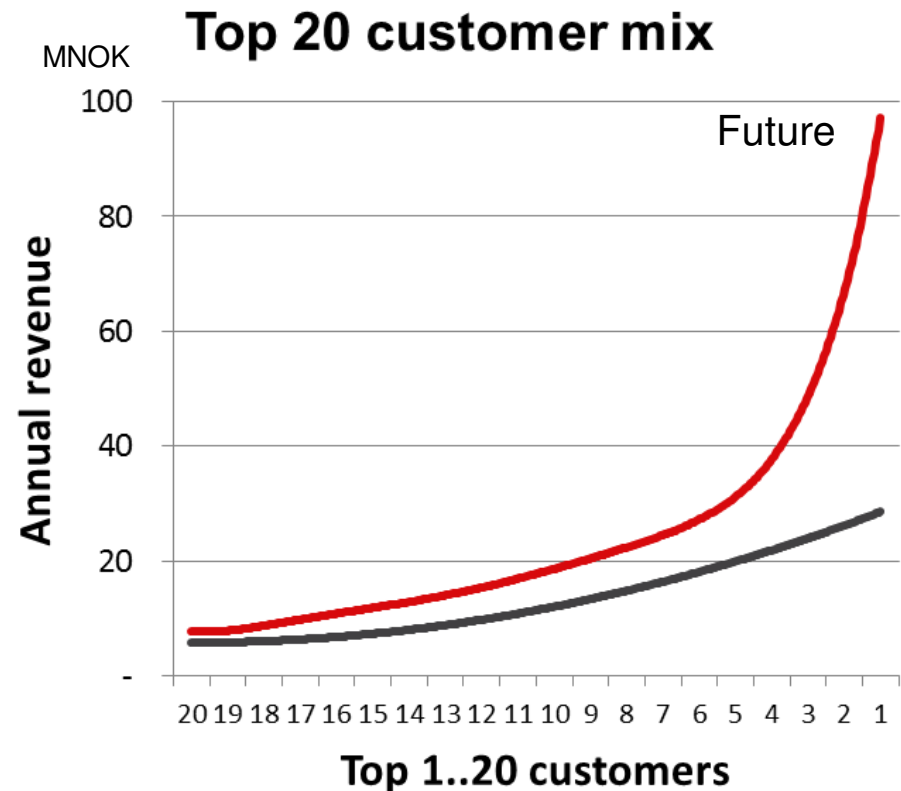
- Seizing the cloud opportunity
 - Fast growth
 - New value-added services
 - Recurring revenue
 - New ecosystem
 - Shift from CAPEX to OPEX.



Itera is transforming new and existing customers into hybrid cloud.

Development of larger projects and larger revenue per customer

- Top 5 customers are 27 % of total revenue, up from 25 % last year
- Top 10 customers are 42 % of total revenue, up from 39 % last year
- Top 30 customers are 62 % of total revenue, down from 63 % last year
- 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.

Solid order intake in Q3, both in public and private sector

eika.

 **SKULD**


DNV GL

Gjensidige 

SELVAAG

 malorama

 Veterinærinstituttet
National Veterinary Institute

 Landbruksdirektoratet
Eanandoallodirektoráhtta

 **POLITIET**
POLITIETS UTLENDINGSENHET

 Forsvarsbygg

 **STATSBYGG**

Språkrådet


Oslo kommune

 **MILJØ-DIREKTORATET**

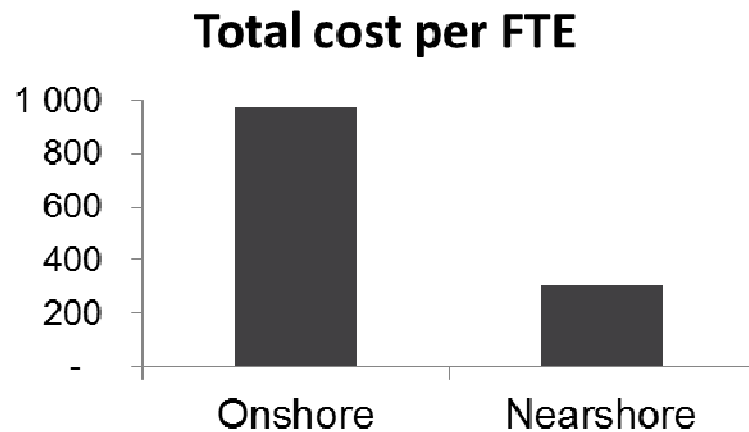


The order intake in Itera Norway was MNOK 45 in Q3 2014, while MNOK 33 and book-to-bill of 1.35 in September.

itera
MAKE A DIFFERENCE

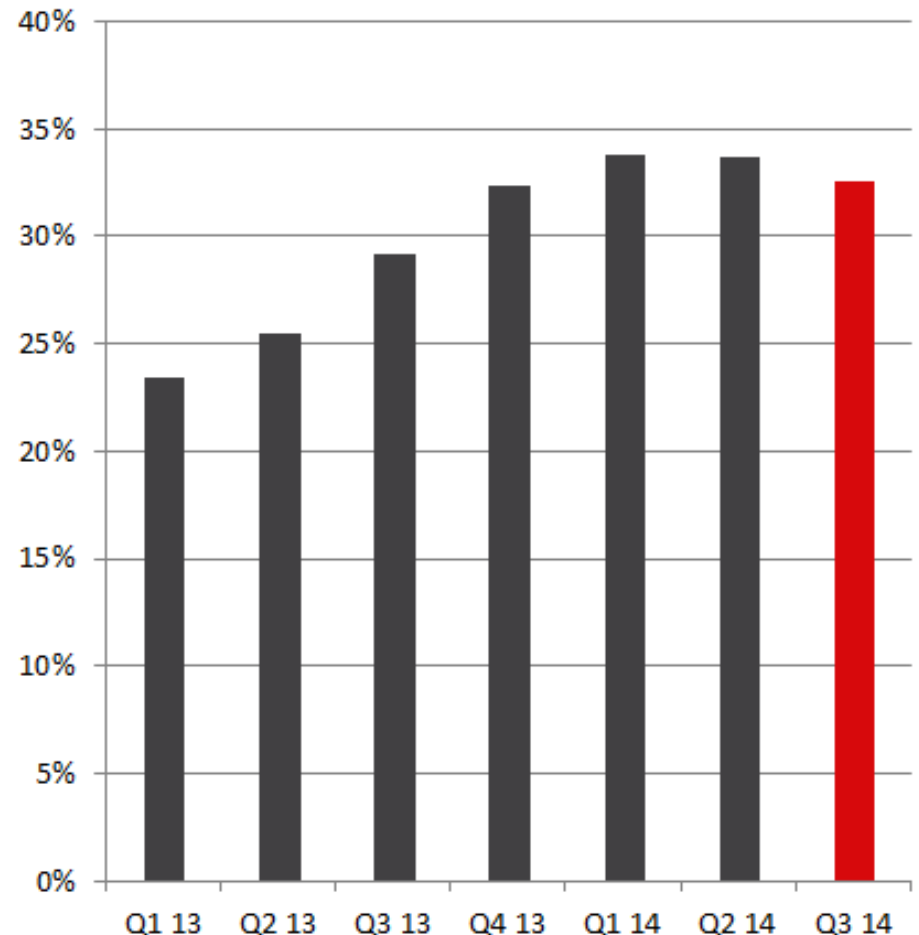
Nearshore ratio development

- Nearshore ratio 33 % in Q3, 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
 - 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: 28.10.2014

Holding ▼	Percentage ◆	Name ◆	Account type ◆	Citizenship ◆
15,018,298	18.27	ARNE MJØS INVEST AS		NOR
5,751,150	7.00	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
5,242,206	6.38	MIDELFART INVEST AS		NOR
4,007,320	4.88	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
2,240,698	2.73	BOINVESTERING AS		NOR
2,200,000	2.68	JØSYRA INVEST AS		NOR
2,062,300	2.51	SEPTIM CONSTULTING A		NOR
2,031,588	2.47	MARXPIST INVEST AS		NOR
1,928,587	2.35	GAMST INVEST AS		NOR
1,761,808	2.14	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,410,000	1.72	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
600,000	0.73	MORTEN JOHNSEN HOLDI MORTEN JOHNSEN		NOR
532,447	0.65	DANSKE BANK A/S 3887 OPERATIONS SEC.	NOM	DNK
507,400	0.62	DnB NOR MARKETS, AKS		NOR
500,000	0.61	LIE JØRUND ARNE		NOR
54,957,390	66.90			