

INTERIM REPORT

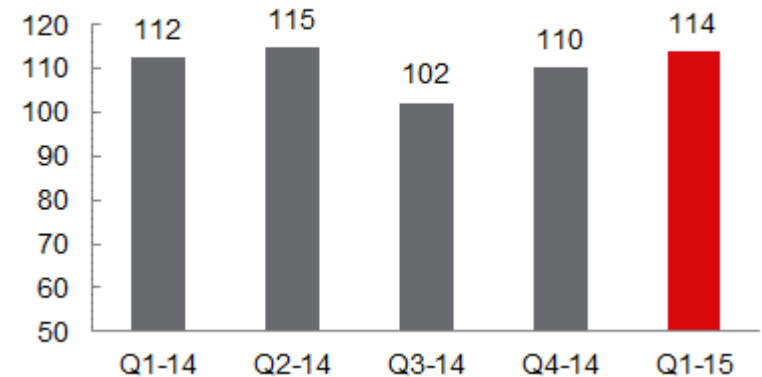
# FIRST QUARTER 2015

CEO ARNE MJØS  
OSLO, 28 APRIL 2015

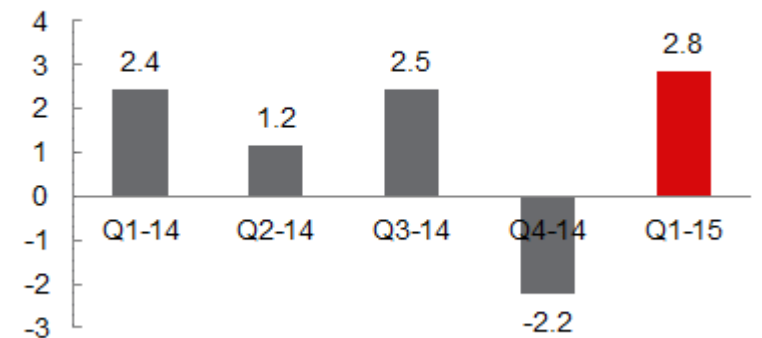
# Highlights of the first quarter

- Revenue NOK 114 million, representing a return to growth of 1 %
- Improved EBITDA of NOK 7.7 million, 6.8 % margin
- Improved EBIT of NOK 2.8 million, 2.5 % margin
- Positive growth in consultancy services in Norway
- NOK 170 million order intake, including several long-term IT hosting agreements of 3-5 years
- The process of divesting the IT hosting business in Sweden is progressing according to plan

**Revenues**  
NOK million



**EBIT**  
NOK million



Q4-2014: Before non-recurring items

# FINANCIAL REVIEW

# Key figures

NOK Million	2015 Q1	2014 Q1	Change	2014 FY
Operating revenue	114	112	1 %	440
Gross profit	96	95	1 %	364
EBITDA	7.7	7.8	-1 %	25.2
EBITDA margin	6.8 %	7.0 %		5.7 %
Operating profit (EBIT)*	2.8	2.4	16 %	3.8
EBIT margin*	2.5 %	2.2 %		0.9 %
Operating profit (EBIT)	0.9	2.4	-64 %	0.2
EBIT margin	0.8 %	2.2 %		0.0 %
Net cash flow from	-8	-11	25 %	46
Cash and cash equivalents	54	53	2 %	67
Equity ratio	28 %	41 %		26 %
Employees at end of period	437	464	-6 %	447

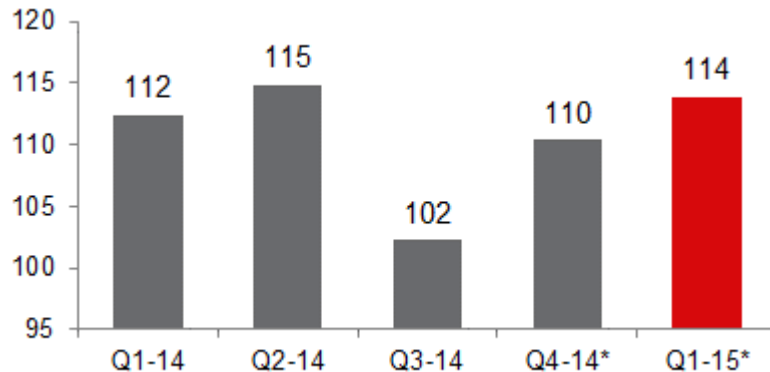
\* Before non-recurring items

**Itera returned to revenue growth (+ 1 %) in Q1 2015. Revenue in Norway grew by 4 %, while revenue related to nearshore activities decreased slightly.**

# Quarterly development

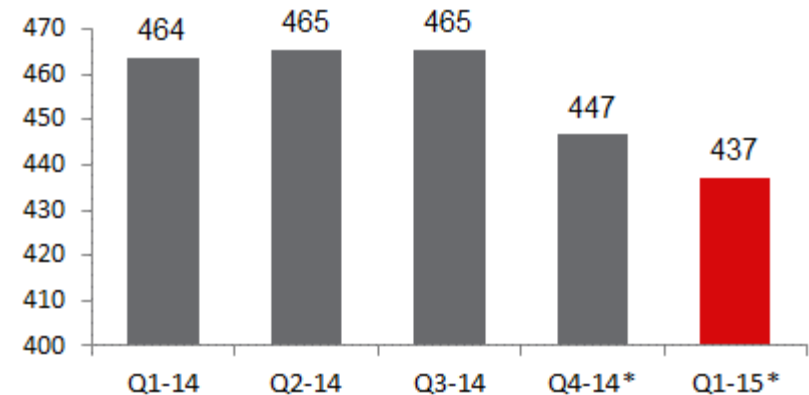
## Operating revenue

NOK million



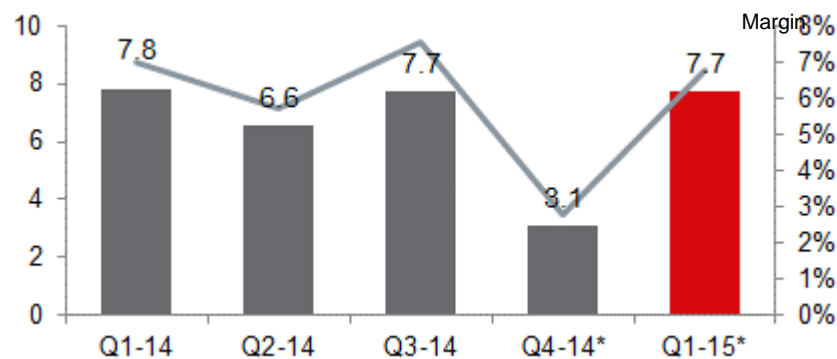
## Employees

End of period



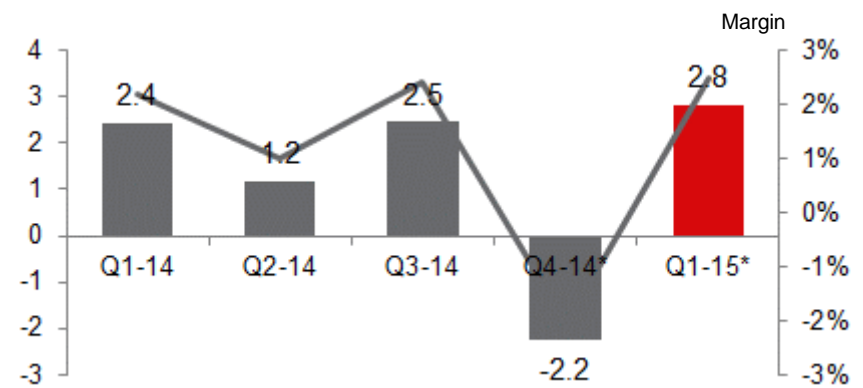
## EBITDA

NOK million




## EBIT

NOK million



# Statement of income

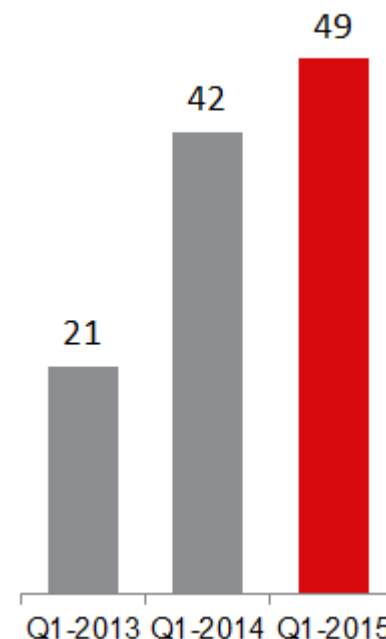
NOK Million	2015 Q1	2014 Q1	Change	2015 FY	2014 FY	Change
<b>Operating revenue</b>	<b>114</b>	112	1 %	<b>114</b>	112	1 %
Cost of sales	<b>18</b>	18	2 %	<b>18</b>	18	2 %
Personnel expenses	<b>75</b>	75	0 %	<b>75</b>	75	0 %
Depreciation	<b>5</b>	5	-9 %	<b>5</b>	5	-9 %
Other operating expenses	<b>13</b>	12	13 %	<b>13</b>	12	13 %
<b>Total operating expenses</b>	<b>111</b>	110	1 %	<b>111</b>	110	1 %
<b>Operating profit before non-recurring items</b>	<b>2.8</b>	2.4	16 %	<b>2.8</b>	2	16 %
Non-recurring items	<b>2.0</b>	0.0		<b>2.0</b>	0	
<b>Operating profit (EBIT)</b>	<b>0.9</b>	2.4	-64 %	<b>0.9</b>	2	-64 %
Net financial income	<b>-0.8</b>	-0.1		<b>-0.8</b>	-0.1	
<b>Profit before tax</b>	<b>0.1</b>	2.3	-96 %	<b>0.1</b>	2.3	-96 %
Tax	<b>0.0</b>	0.6	-96 %	<b>0.0</b>	0.6	-96 %
<b>Net profit for the period</b>	<b>0.1</b>	1.7	-96 %	<b>0.1</b>	1.7	-96 %

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- Significant improvements were seen in the profitability of Itera's consulting activities in Norway and Denmark as well as in the profitability of Itera's managed services in Norway.
  - An unprofitable department in Norway was closed down in Q1 incurring non-recurring items of NOK 2.0 million, in line with the amount announced earlier.

# Statement of cash flow

NOK Million	2015 Q1	2014 Q1	2014 FY
Cash flow from operations (EBITDA)	8	8	25
Change in balance sheet items	-16	-19	21
<b>Net cash flow from operating activities</b>	<b>-8</b>	<b>-11</b>	<b>46</b>
<b>Net cash flow from investment activities</b>	<b>-3</b>	<b>-2</b>	<b>-12</b>
Purchase of own shares	0	0	-0
Borrowings repaid	-2	-2	-7
External dividend paid	0	0	-29
<b>Net cash flow from financing activities</b>	<b>-2</b>	<b>-2</b>	<b>-36</b>
Currency effect on cash	0	0	1
<b>Net change in bank deposits and cash</b>	<b>-13</b>	<b>-15</b>	<b>-1</b>
<b>Bank deposits at the end of the period</b>	<b>54</b>	<b>53</b>	<b>67</b>
New borrowing related to leasing	0	4	

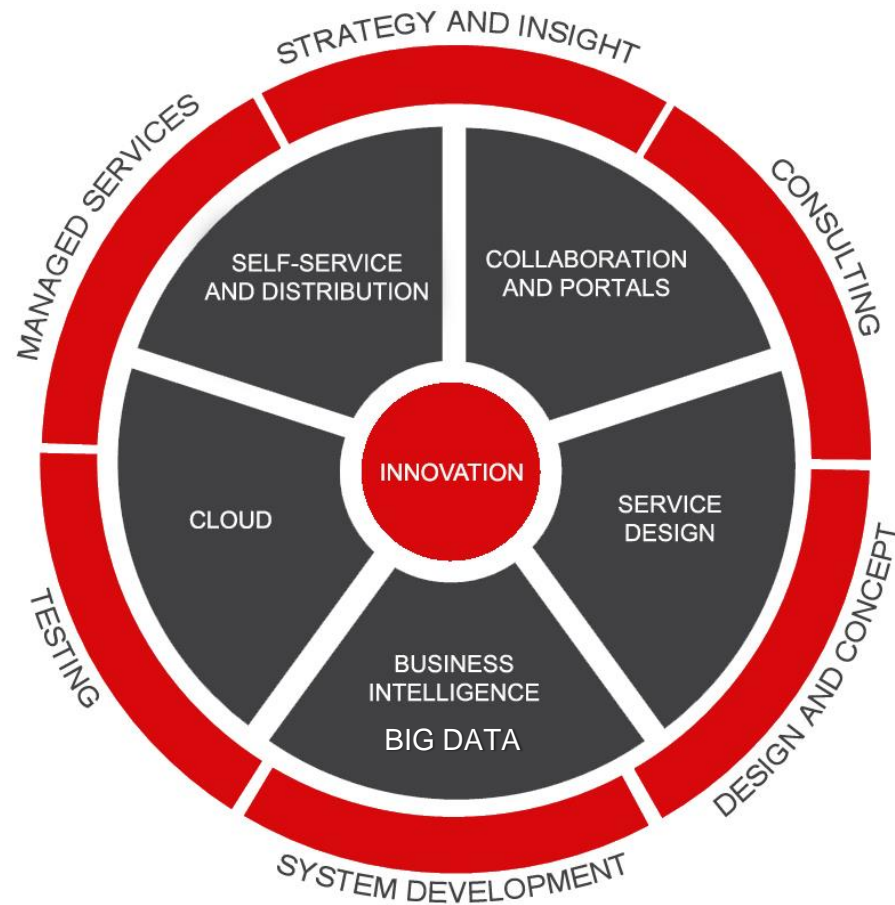
12 month rolling  
operating cash flow



First quarter cash flow from operations was impacted by seasonal variations. Improving rolling 12-month cash flow from operations of NOK 49 million in Q1-2015, an increase of NOK 7 million compared to same period last year.

# The process of divesting the IT hosting business in Sweden is progressing according to plan

- The process of selling the IT hosting business in Sweden is progressing according to plan
  - High customer satisfaction and good delivery quality, but a small player in a competitive market
  - IT hosting is not a critical part of Itera's strategy for success in Sweden
  - Several bids have been received and due diligence is being carried out
- A non-profitable department was closed down in Q1, with the desired effects on profitability
  - A non-recurring item of NOK 2 million was recognized in Q1 2015, in line with the amount announced last quarter.





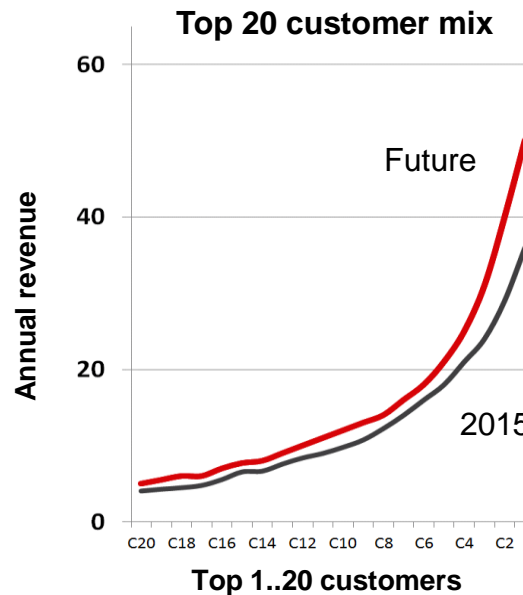
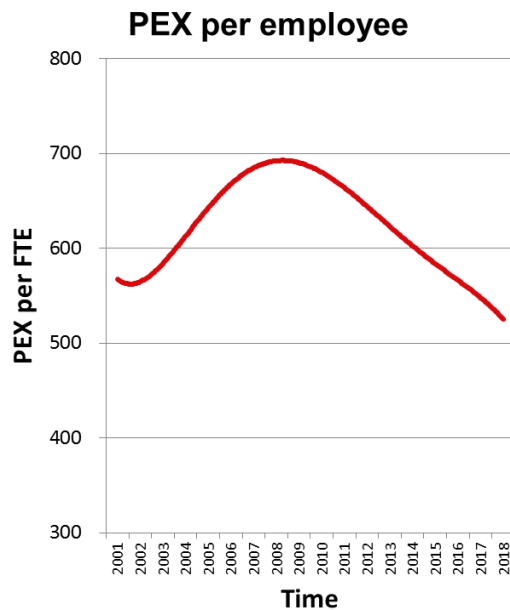
# BUSINESS REVIEW

# Long-term profitable growth: Key enablers

50%+ of staff  
nearshore

Larger projects  
and revenue  
visibility

Communication  
AND  
Technology



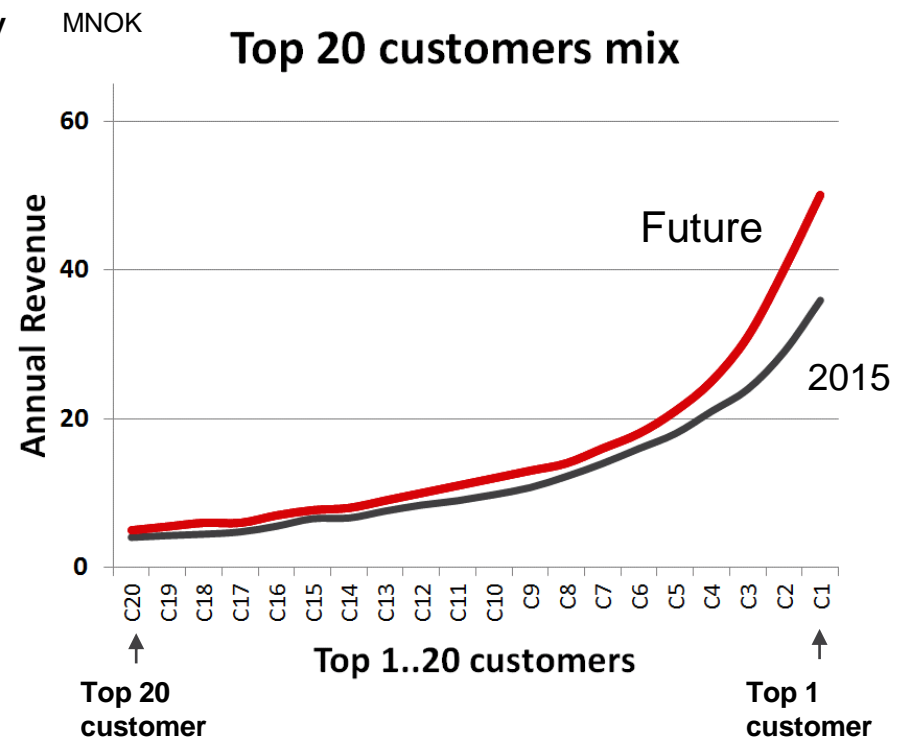
# Our multi-site strategy provides agility, scalability and access to top-notch resources



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

# Developing larger projects and higher revenue per customer

- Revenue from top 30 customers up by 9 % in Q1
  - Top 10: 42 % of total revenue
  - Top 20: 58 % of total revenue
  - Top 30: 66 % of total revenue
- Benefits:
  - Increased revenue visibility
  - Improved operational efficiency
  - Lower sales costs and overhead costs



**We are approaching our target: several customers are likely to spend more than NOK 50 million per year on services from Itera.**


# Solid order intake in Q1 of NOK 170+ million from existing and new customers



SKI KOMMUNE

**SELVAAG**

simonsen  
vogtviig



**Book-to-bill ratio<sup>1)</sup> of 2.0 in Q1 2015 with several long-term hosting agreements with durations of 3-5 years**

1) The **book-to-bill ratio** is the ratio of orders received to the amount billed for a specific period

# Digitalization is a major market trend across sectors

## 3 typical digital approaches

### DIGITAL IS A PROJECT

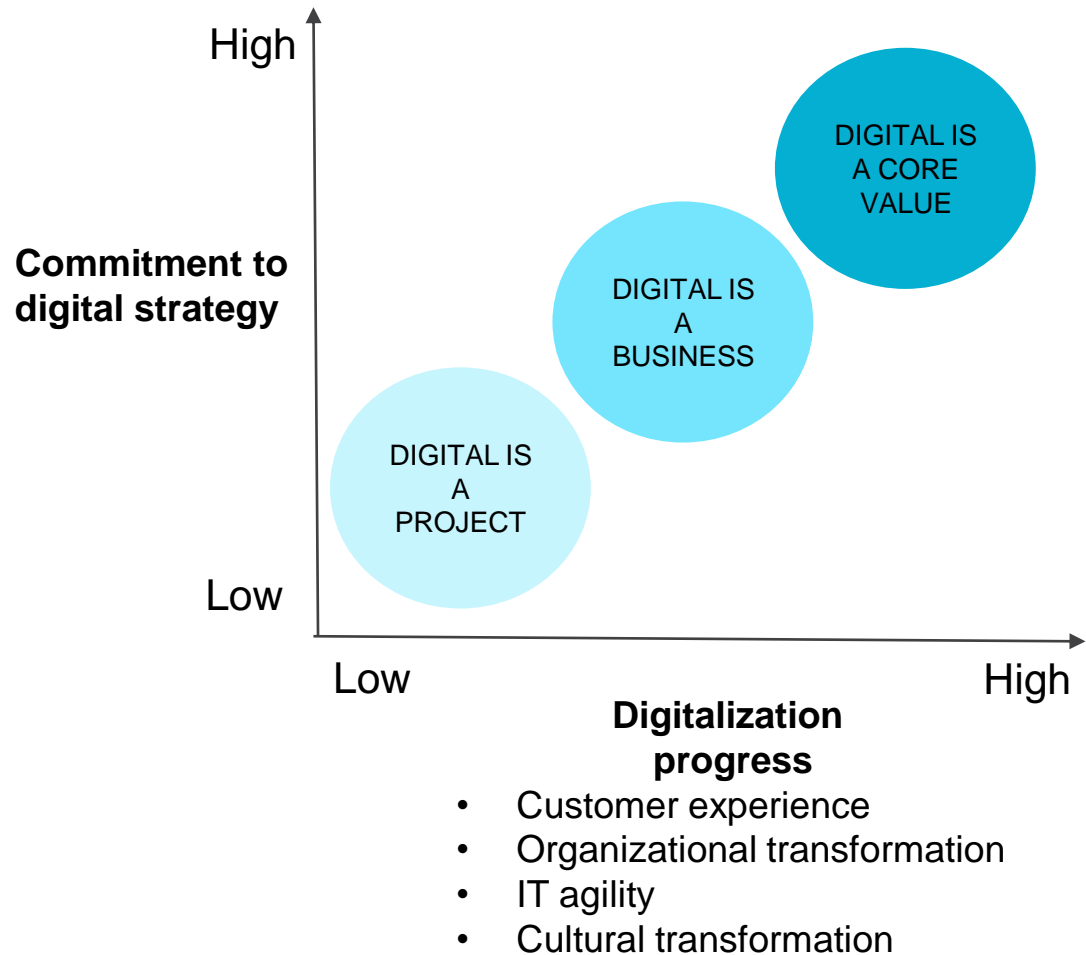
- Project to project basis
- Pilots and gradual deployment
- Long-term planning

### DIGITAL IS A BUSINESS

- Client-centric focus
- Test-and-learn, lean approach
- Rapid testing of ideas

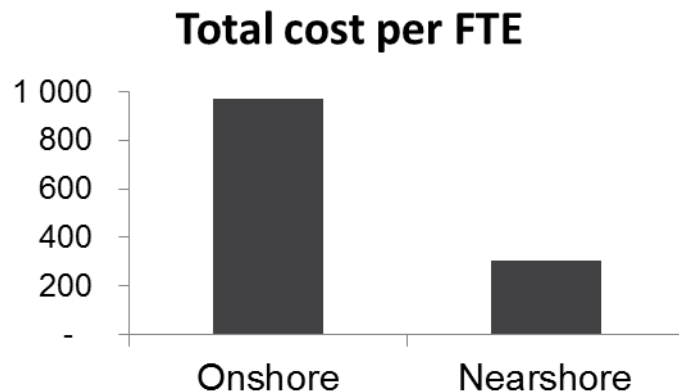
### DIGITAL IS A CORE VALUE

- Pure digital business model
- Dissemination of digital in the company, culture and innovation



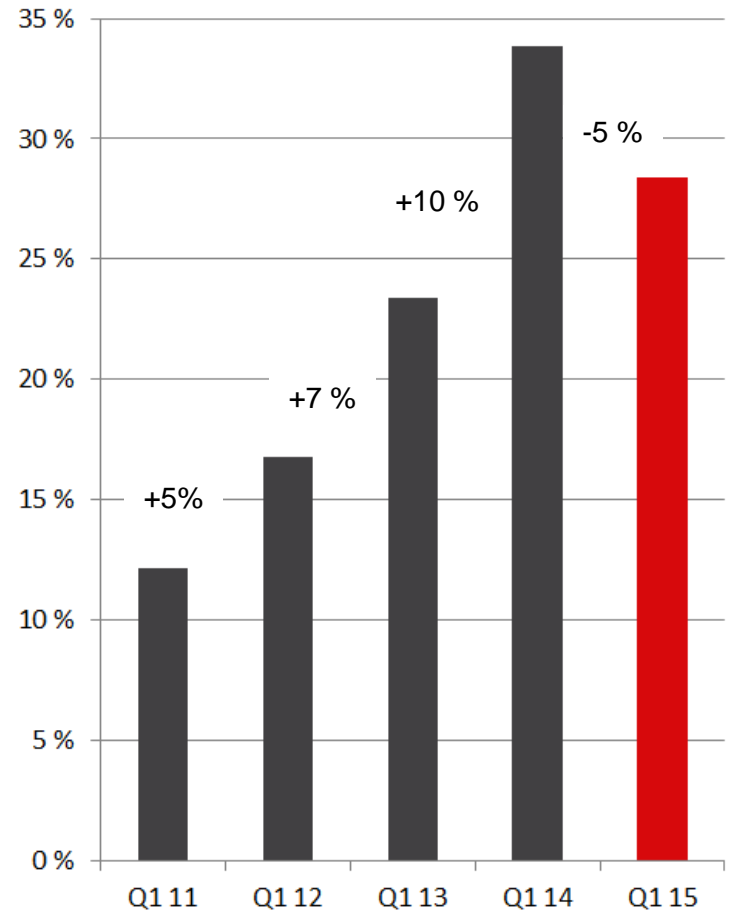
# Nearshore ratio development

- Nearshore ratio of 28 % in Q1, representing a temporary decline
- Target is for the nearshore ratio to be in excess of 50 %
- Mixed teams are increasing our price flexibility as well as providing unlimited access to resources



## Nearshore ratio

% of all staff located nearshore



# OUTLOOK



# Outlook

- Customer demand remains strong in all Nordic markets
  - Profitable growth and cash flow are key focus areas
  - Process to sell the IT hosting business in Sweden to be concluded
  - Larger projects and customers expected to continue to increase revenue visibility, efficiency and scalability
- 
- Itera does not provide guidance to the market on future prospects

**BACKUP**

# Statement of financial position

NOK Million	2015 31 Mar	2014 31 Mar	Change %	2014 31 Dec
Deferred tax assets	6	9	-32 %	6
Other intangible assets	16	16	0 %	16
Fixed assets	25	30	-18 %	27
<b>Total non-current assets</b>	<b>47</b>	<b>55</b>	<b>-15 %</b>	<b>49</b>
Work in progress	13	7	92 %	12
Accounts receivable	61	81	-25 %	60
Other receivables	18	19	-8 %	17
Bank deposits	54	53	2 %	67
<b>Total current assets</b>	<b>146</b>	<b>160</b>	<b>-9 %</b>	<b>156</b>
<b>Total assets</b>	<b>193</b>	<b>215</b>	<b>-10 %</b>	<b>205</b>
 Total equity	 53	 87	 -39 %	 54
Non-current liabilities	14	18	-24 %	16
Accounts payable	18	23	-23 %	27
Public duties and taxes payable	33	33	0 %	31
Other short-term liabilities	75	54	40 %	77
<b>Total current liabilities</b>	<b>126</b>	<b>109</b>	<b>15 %</b>	<b>135</b>
<b>Total equity and liabilities</b>	<b>193</b>	<b>215</b>	<b>-10 %</b>	<b>205</b>
 <b>Equity ratio</b>	 28 %	 41 %		 26 %

**Good financial position with equity ratio of 28 % after dividend payment of NOK 29 million in 2014**

# Top 20 shareholders

ISIN: NO0010001118

Name: ITERA ASA

Security type: AK

Date: 27.04.2015

Holding ▼	Percentage ◆	Name ◆	Account type ◆	Citizenship ◆
15,018,298	18.27	ARNE MJØS INVEST AS		NOR
6,101,575	7.42	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
5,242,206	6.38	MIDELFART INVEST AS		NOR
4,154,320	5.05	OP CAPITAL AS		NOR
3,000,000	3.65	EIKESTAD A/S C/O PARTNER REVISJON		NOR
2,711,611	3.30	VERDIPAPIRFONDET DNB		NOR
2,250,000	2.74	SEPTIM CONSTULTING A		NOR
2,240,698	2.73	BOINVESTERING AS		NOR
2,200,000	2.68	JØSYRA INVEST AS		NOR
2,031,588	2.47	MARXPIST INVEST AS		NOR
1,953,587	2.38	GAMST INVEST AS		NOR
1,920,028	2.34	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,523,622	1.85	GIP AS		NOR
1,000,000	1.22	FRAMAR INVEST AS C/O FRANK MARTINSEN		NOR
900,000	1.10	AANESTAD PANAGRI AS		NOR
818,349	1.00	JOHS. HAUGERUDSVEI A		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI MORTEN JOHNSEN		NOR
505,000	0.61	NYVANG JETMUND GUNNAR		NOR
500,000	0.61	GRØSLAND KIM-KJETIL		NOR
500,000	0.61	LIE JØRUND ARNE		NOR
<b>55,170,882</b>	<b>67.14</b>			