

INTERIM REPORT

# SECOND QUARTER 2016

CEO ARNE MJØS  
CFO BENT HAMMER

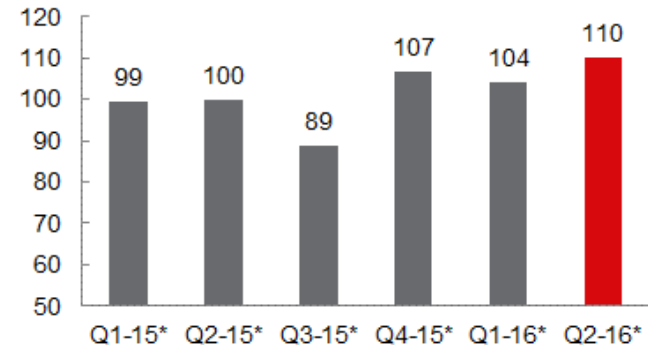
OSLO, 24 AUGUST 2016

# Highlights of the second quarter

- Revenue
  - NOK 110 million
  - Pro forma growth of 10% y-o-y
- EBITDA
  - Improved EBITDA of NOK 4.6 million, 14.2% margin
- EBIT
  - Improved EBIT before non-recurring items of NOK 4.6 million, 9.7% margin
- Improving operating performance
  - Significant growth and profitability improvement in Norway and Denmark, partly due to more working days.
  - Double-digit nearshore growth y-o-y
  - 7% growth of top 30 customers
- Dividend paid out
  - NOK 0.12 per share

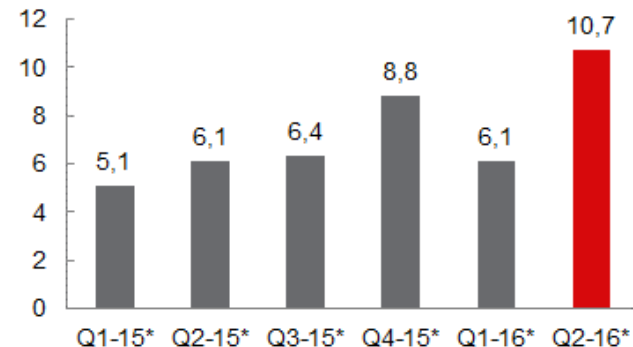
## Revenues

NOK million



## EBIT

NOK million



\* Pro forma

# FINANCIAL REVIEW

# Key figures

NOK Million	2016 Q2	2015* Q2	Change*	2015 Q2	2016 H1	Change*	2015* FY
Operating revenue	110,0	99,7	10 %	114,3	215,7	8 %	394,2
Gross profit	92,8	83,9	11 %	94,6	183,5	8 %	335,6
EBITDA	15,6	11,0	42 %	9,9	26,0	28 %	46,1
EBITDA margin	14,2 %	11,1 %	3,1 pts	8,6 %	12,1 %	2 pts	11,7 %
EBIT before non-recurring items	10,7	6,1	75 %	4,7	16,2	50 %	26,4
EBIT margin before non-recurring	9,7 %	6,2 %	3,6 pts	4,1 %	7,5 %	2,2 pts	6,7 %
EBIT	10,7	4,4	145 %	2,9	14,5	95 %	22,7
EBIT margin	9,7 %	4,4 %	5,3 pts	2,5 %	6,7 %	3,1 pts	5,7 %
Net cash flow from operations	10,7			-6,6	7,2		
Cash and cash equivalents	52,6			43,7	52,6		
Equity ratio	27 %			29 %	27 %		
Employees at end of period	370	370	0 %	423	370	0 %	381
Employees in average	371	374	-1 %	428	381	-1 %	383

\* Figures are pro forma for continuing operations

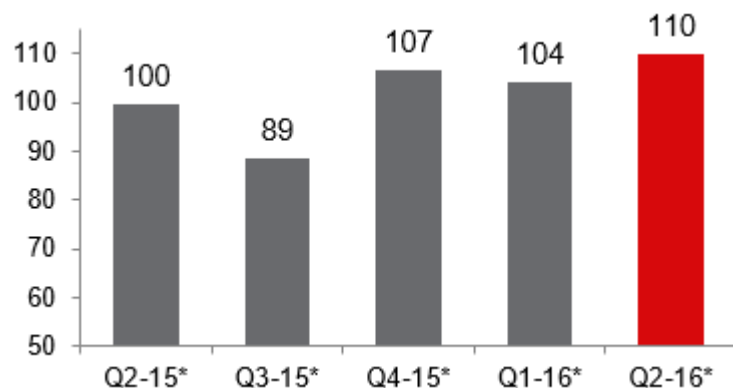


- Double-digit growth in Denmark and Nearshore. Solid growth in most Norwegian units
- Growth in Time & Material business driven by 5.5 more working days

# Quarterly development

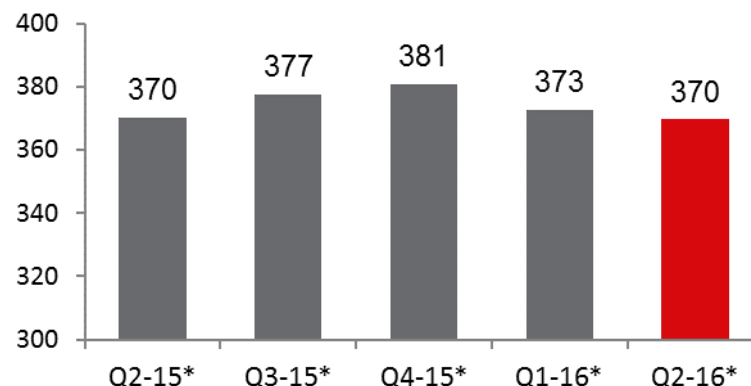
## Operating revenue

NOK million



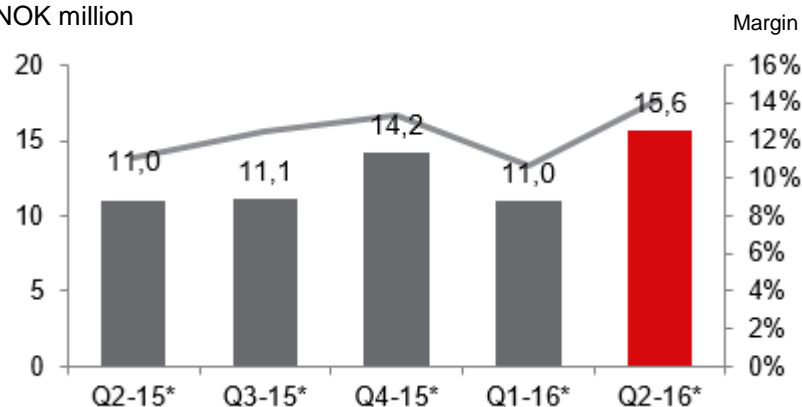
## Employees

End of period



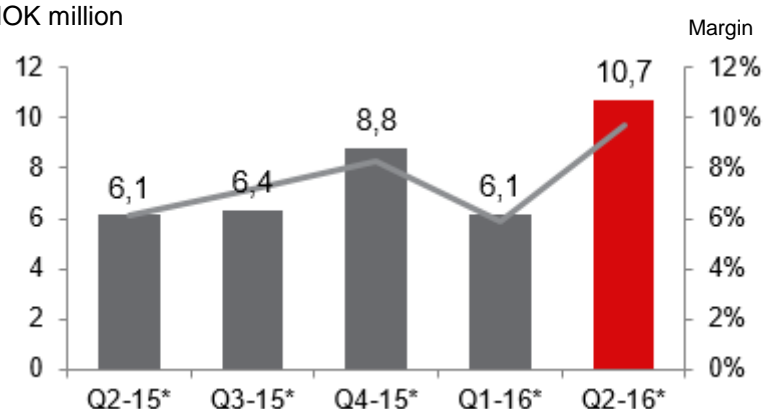
## EBITDA

NOK million



## EBIT

NOK million



# Statement of income

NOK Million	2016 Q2	2015* Q2	Change *	2015 Q2	2016 H1	Change *	2015* FY
<b>Operating revenue</b>	<b>110.0</b>	99.7	10 %	114.3	<b>215.7</b>	8 %	394.2
Cost of sales	<b>17.2</b>	15.7	9 %	19.8	<b>32.2</b>	7 %	58.6
Personnel expenses	<b>67.0</b>	61.2	10 %	70.8	<b>136.8</b>	6 %	246.9
Depreciation	<b>4.9</b>	4.9	0 %	5.2	<b>9.8</b>	3 %	19.7
Other operating expenses	<b>10.2</b>	11.7	-13 %	13.8	<b>20.7</b>	-3 %	42.6
<b>Total operating expenses</b>	<b>99.3</b>	93.5	6 %	109.7	<b>199.5</b>	5 %	367.9
<b>Operating profit before non-recurring items</b>	<b>10.7</b>	6.1	75 %	4.7	<b>16.2</b>	50 %	26.4
Non-recurring items	<b>0.0</b>	1.8	-100 %	1.8	<b>1.6</b>	-42 %	3.7
<b>Operating profit (EBIT)</b>	<b>10.7</b>	4.4	145 %	2.9	<b>14.5</b>	95 %	22.7
Net financial income	<b>-0.3</b>			0.7	<b>-0.8</b>		
<b>Profit before tax</b>	<b>10.4</b>			3.6	<b>13.8</b>		
Tax	<b>2.6</b>			1.0	<b>3.5</b>		
<b>Net profit for the period</b>	<b>7.7</b>			2.6	<b>10.3</b>		

\* Pro forma figures for continuing operations

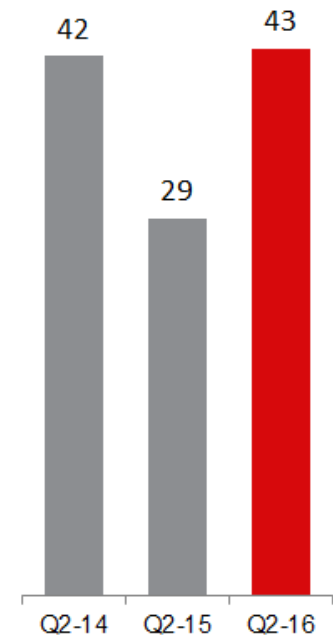


**Continuing operations showed 8% growth and 50% higher operating profit before non-recurring items in H1**

# Statement of cash flow

NOK Million	2016 Q2	2015 Q2	2016 H1	2015 H1	2015 FY
Cash flow from operations (EBITDA)	15.6	9.9	26.0	17.6	46.1
Change in balance sheet items	-4.9	-16.4	-18.8	-32.3	-25.3
<b>Net cash flow from operating activities</b>	<b>10.7</b>	<b>-6.6</b>	<b>7.2</b>	<b>-14.7</b>	<b>20.8</b>
<b>Net cash flow from investment activities</b>	<b>-3.1</b>	<b>-2.1</b>	<b>-6.1</b>	<b>-5.1</b>	<b>1.3</b>
Purchase of own shares	-3.6	0.0	-3.6	0.0	-0.5
Borrowings repaid	-2.2	-1.6	-4.3	-3.7	-8.3
External dividend paid	-9.7	0.0	-9.7	0.0	-12.3
<b>Net cash flow from financing activities</b>	<b>-15.5</b>	<b>-1.6</b>	<b>-17.6</b>	<b>-3.7</b>	<b>-21.0</b>
Currency effect on cash	0.0	0.0	0.0	0.0	0.0
<b>Net change in bank deposits and cash</b>	<b>-7.9</b>	<b>-10.3</b>	<b>-16.4</b>	<b>-23.5</b>	<b>1.1</b>
<b>Bank deposits at the end of the period</b>	<b>52.6</b>	<b>43.7</b>	<b>52.6</b>	<b>43.7</b>	<b>68.4</b>
New borrowing related to leasing	1.3	2.0	3.4	2.0	14.8

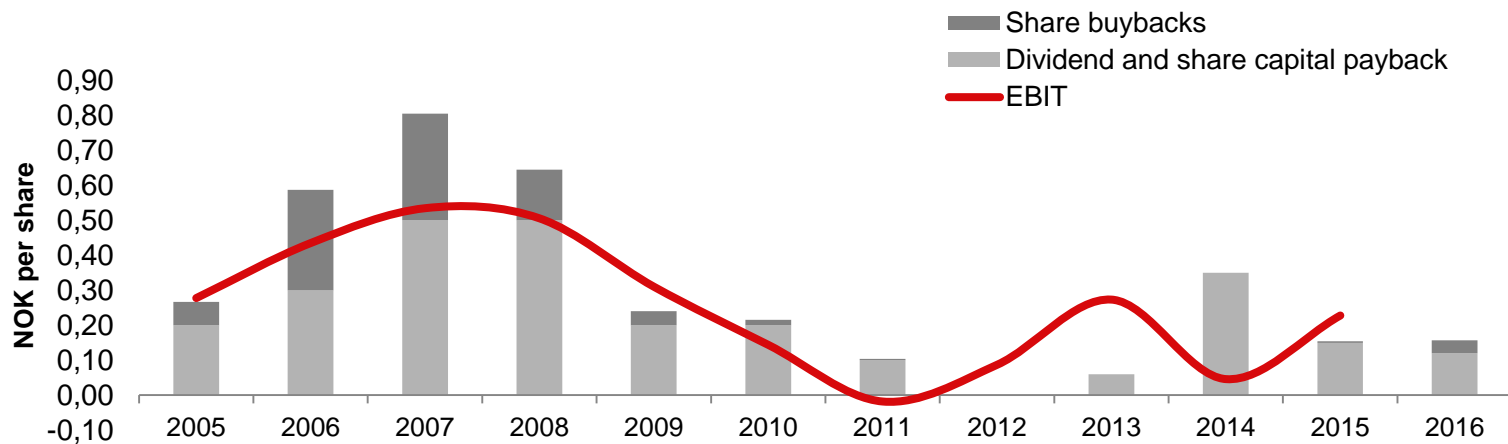
## 12 month rolling cash flow from operations



- Cash flow from operations NOK 11 million in Q2
- 12 month rolling cash flow from operations was NOK 43 million

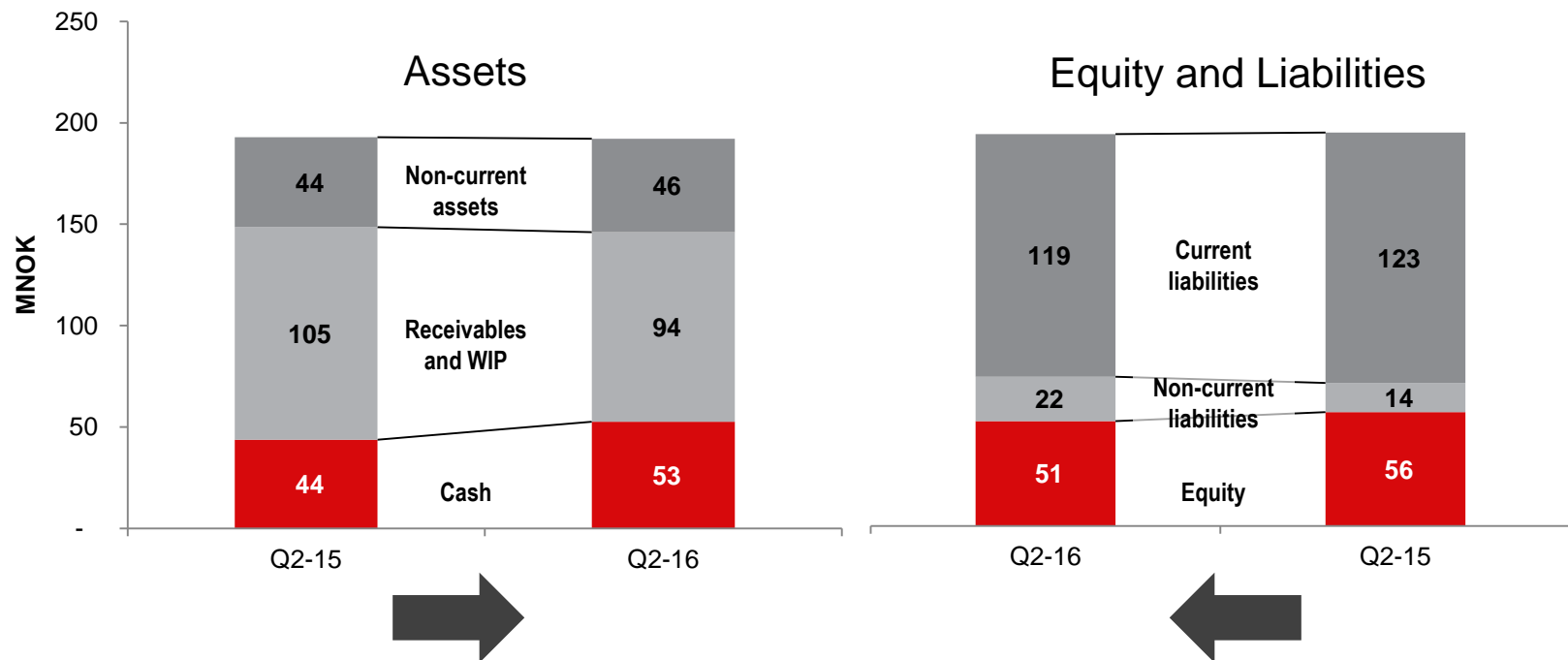
# Dividends

- A dividend of NOK 0.12 per share was paid out in Q2
- 990 990 own shares were bought in Q2
- The Board was granted a proxy to decide further dividend payments in 2016
- Total distribution to shareholders of NOK 3.59 per share 2005-16



# Statement of financial position

- Group equity ratio of 27 (29) % per June 30
- Cash balance of MNOK 53 (44)



# BUSINESS REVIEW

# We are entering the era of digital business

“ By 2020, information will be used to

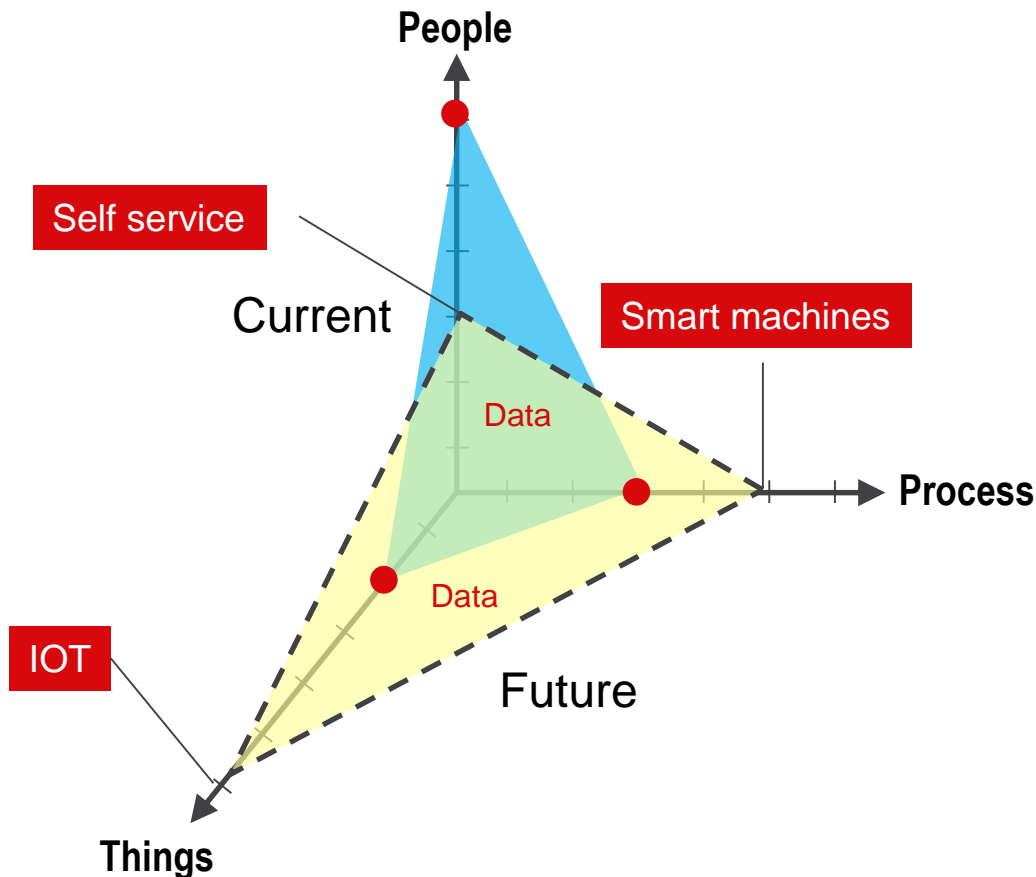
reinvent,  
digitalize, or  
eliminate

80%

of business processes and products  
from a decade earlier. ”

Source: Gartner

# Self-service, smart machines and things are creating massive changes in all sectors



**Compared to 2015, the data volume will grow by 8 times in 2020 and 35 times in 2025.**

# Example: By 2020, data mastery will be an element of the corporate DNA for insurers.

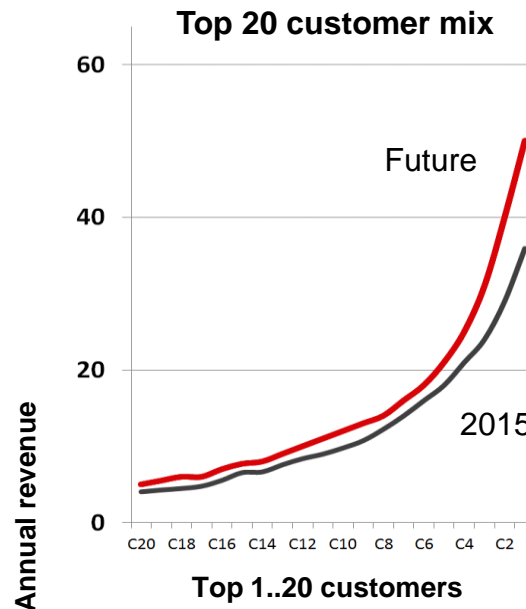
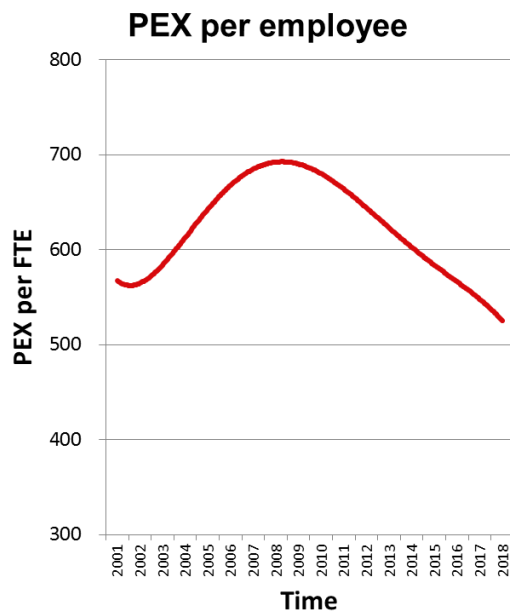


# Long-term profitable growth: Key enablers

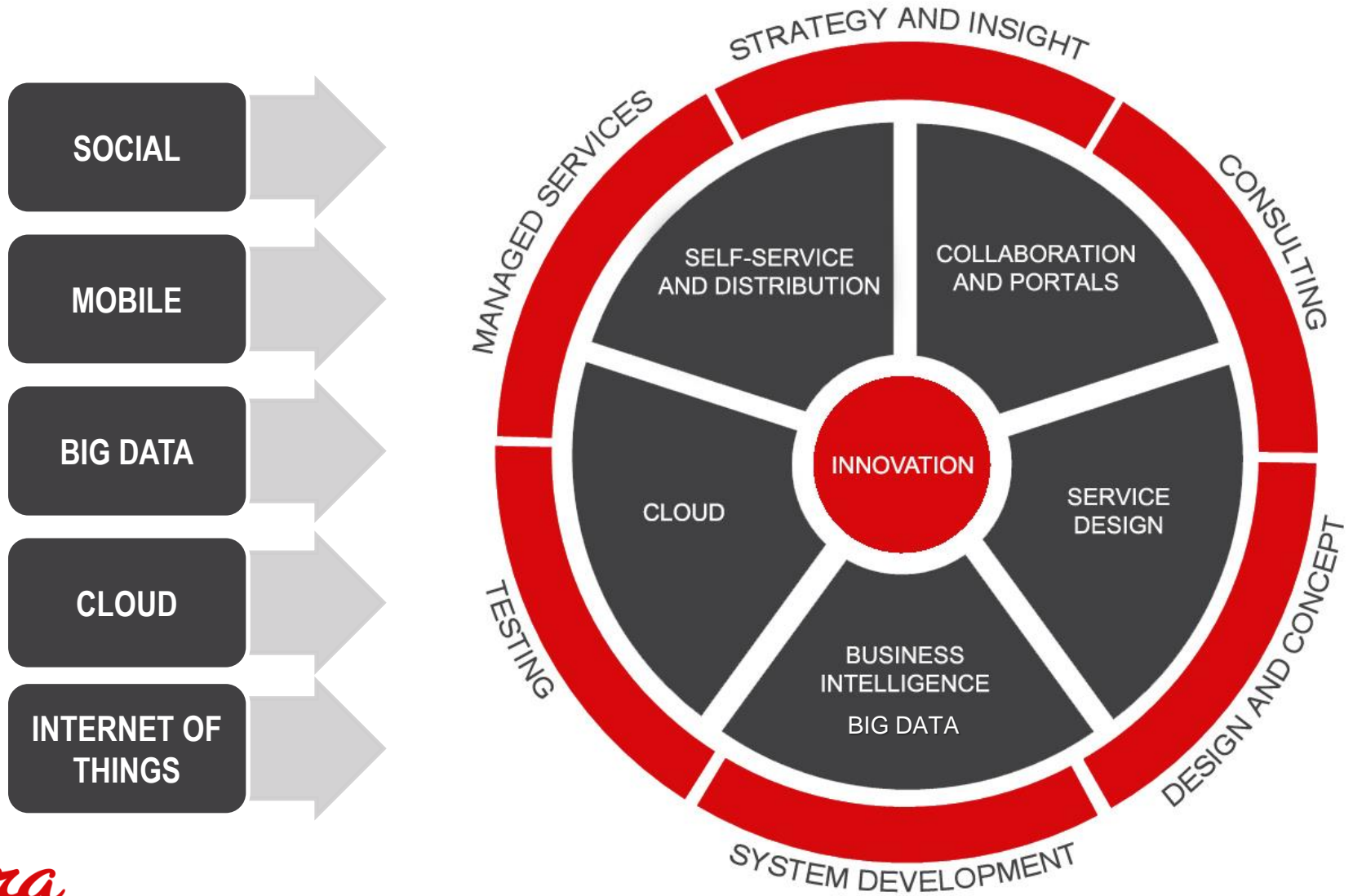
50%+ of staff  
nearshore

Larger projects  
and revenue  
visibility

Communication  
AND  
Technology



# The forces of disruptive technology are driving our service offerings and key focus areas

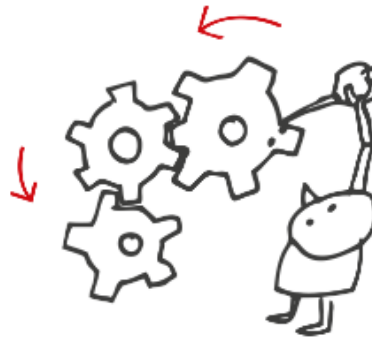


# Applying the full scope of Itera's capabilities

We focus on our **customer's customers** through service design and lean startup



We work in **project teams** that have both **communication and technology skills**



We take **life-cycle responsibility** that also embrace cloud and data protection issues



We involve **seamless nearshoring** for greater scalability and cost effectiveness

# Order intake in Q2 from existing and new customers



**Book-to-bill ratio<sup>1)</sup> of 1.1 in Q2 2016.**

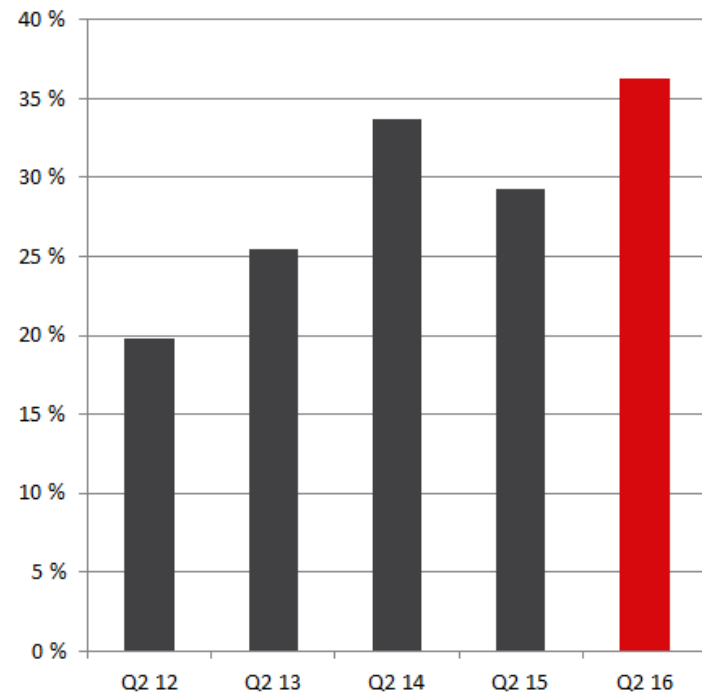
1) The **book-to-bill ratio** is the ratio of orders received to the amount of revenue for a specific period for Itera units

# Nearshore ratio development

- Nearshore ratio of 36 % in Q2
- Improving sales pipeline of larger engagements
- Target is for the nearshore ratio to be in excess of 50 %
- Mixed teams are increasing our price flexibility as well as providing access to a very large resource pool

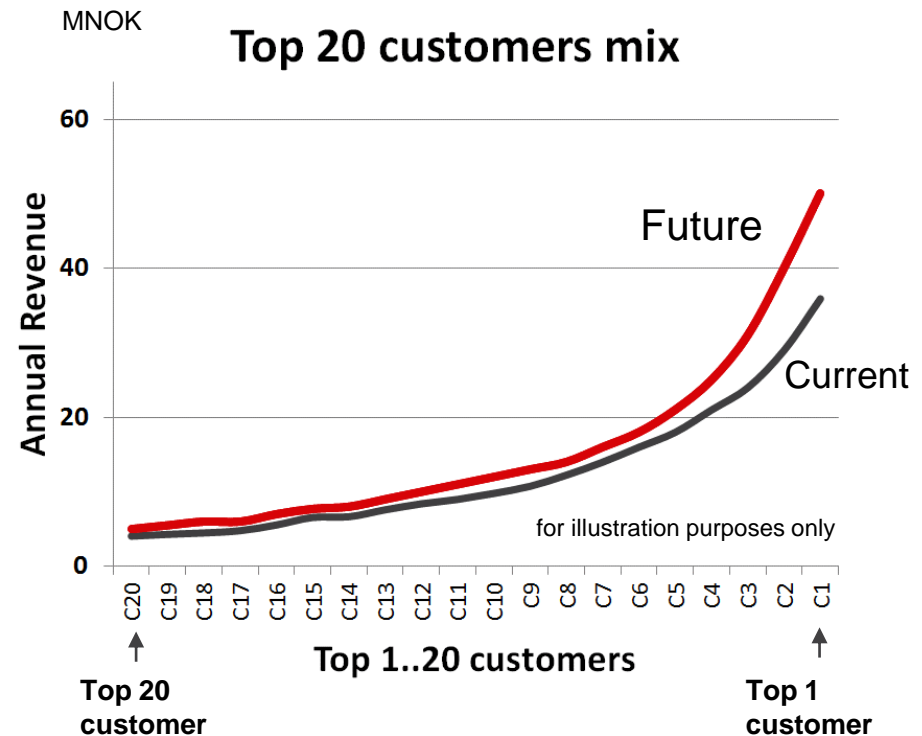
## Nearshore ratio

% of all staff located nearshore



# Developing larger projects and higher revenue per customer

- Revenue from top 30 customers up by 7 % in Q2
  - Top 10: 48 % of total revenue
  - Top 20: 65 % of total revenue
  - Top 30: 73 % of total revenue
- Benefits:
  - Increased revenue visibility
  - Improved operational efficiency
  - Lower sales 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.**

# OUTLOOK

# Outlook

- Customer demand remains strong in all Nordic markets
  - Profitable growth and cash flow are key focus areas
  - 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

*itera*

MAKE A DIFFERENCE

# Top 20 shareholders

ISIN: NO0010001118

Name: ITERA ASA

Security type: AK

Date: 21.08.2016

20 rader [Lagre til fil](#) [Excel](#)

Holding ▼	Percentage ▲	Name ▲	Account type ▲	Citizenship ▲
19,518,298	23.75	ARNE MJØS INVEST AS		NOR
5,846,754	7.11	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
4,340,481	5.28	OP CAPITAL AS		NOR
2,880,000	3.50	EIKESTAD A/S		NOR
2,674,098	3.25	MIDELFART INVEST AS		NOR
2,615,000	3.18	SEPTIM CONSTULTING A		NOR
2,464,590	3.00	GIP AS		NOR
2,282,698	2.78	BOINVESTERING AS		NOR
2,200,000	2.68	JØSYRA INVEST AS		NOR
2,068,787	2.52	GAMST INVEST AS		NOR
2,031,588	2.47	MARXPIST INVEST AS		NOR
1,841,955	2.24	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,000,000	1.22	FRAMAR INVEST AS		NOR
965,455	1.17	ITERA ASA		NOR
900,000	1.10	AANESTAD PANAGRI AS		NOR
818,349	1.00	BRØDRENE JOHANSEN H		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI		NOR
600,000	0.73	ALTEA PROPERTY DEVEL		NOR
545,000	0.66	NYVANG JETMUND GUNNAR		NOR
520,000	0.63	GRØSLAND KIM-KJETIL		NOR
<b>56,713,053</b>	<b>69.00</b>			