



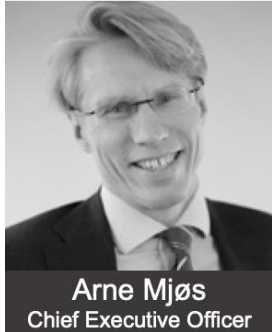
INTERIM REPORT

ITERA SECOND QUARTER 2019

CEO ARNE MJØS
CFO BENT HAMMER

OSLO, 21 AUGUST 2019

PRESENTERS AND AGENDA



Highlights of the quarter

Business review

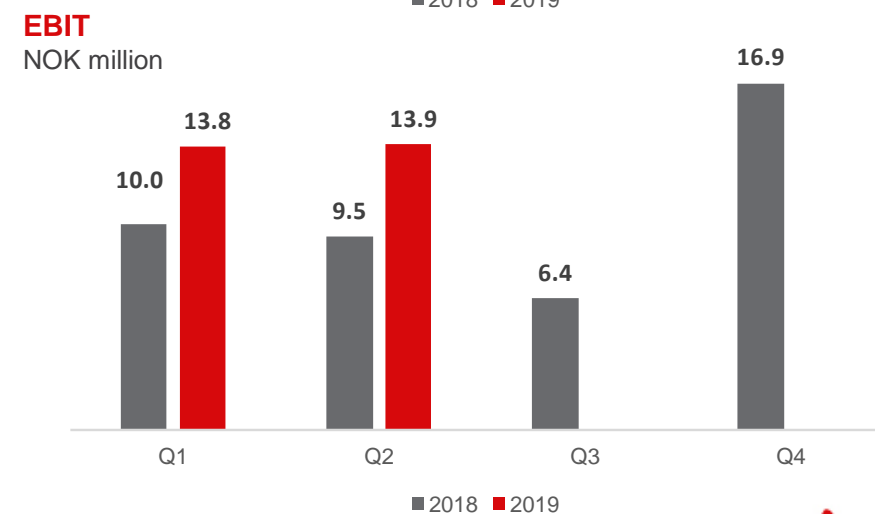
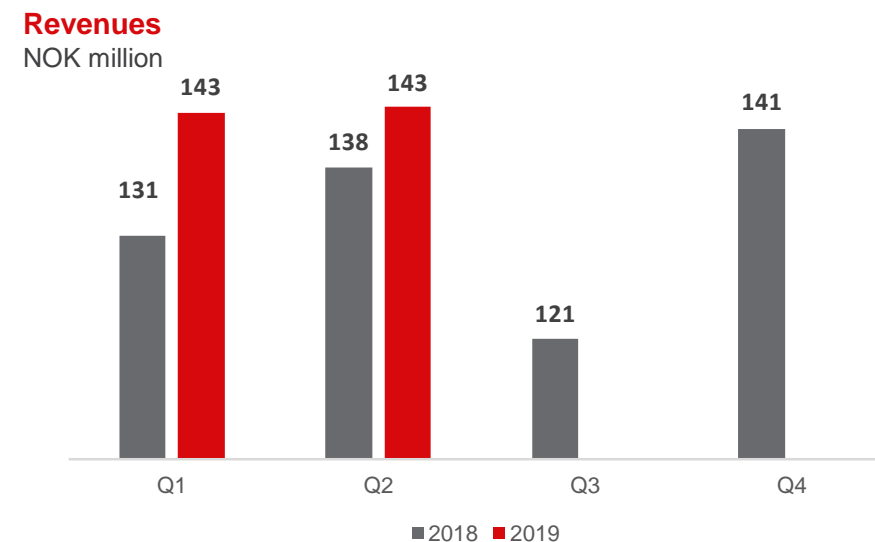


Financial review

Outlook

HIGHLIGHTS OF THE SECOND QUARTER

- High growth and profitability in core digital business
 - Revenue growth of 9%
 - EBIT margin of 12.3%
- Total business
 - Revenue NOK 143 (138) million, up by 4% y-o-y
 - EBIT of NOK 13.9 (9.5) million, 9.7% (6.9%) margin
- 47% profitability improvement (43% for H1)
 - Data centre consolidation and overhead reduction
 - Several new nearshore accounts
- Increasing revenue from strategic customers in new industries
- Order intake in digital business with book-to-bill ratio of 0.9 in Q2 and 1.5 in H1 (overall 0.7 and 1.2)



A man with short blonde hair is assisting a woman with dark hair who is wearing a VR headset. The man is pointing at the headset. In the background, there is a large, modern desk with a computer monitor displaying a 3D wireframe model of a building. The entire scene is tinted with a blue color.

BUSINESS REVIEW

SPECIALISTS IN CREATING DIGITAL BUSINESS



500+

PEOPLE



20

COUNTRIES



8

OFFICES

TOP 25 MOST INNOVATIVE COMPANY

- Award across all industries in Norway last 3 years

CUSTOMER EXPERIENCE PROVIDER OF THE YEAR 2018

- Award by Global Sourcing Association

HIGH SCALABILITY OF DIGITAL TALENTS

- Global #4 IT pool
- Global #2 quality



BY 2020...



People

1.5 GB per day

Smart Devices

20B IoT Devices

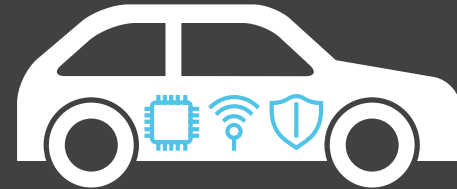
Smart Home

50 GB per day



Autonomous Vehicle

5 TB per day



Smart Office

150 GB per day

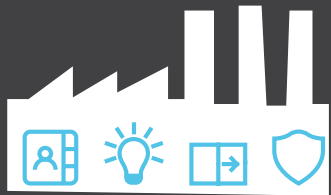


Smart City

250 PB per day

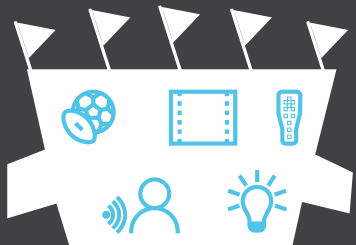
Connected Factory

1 PB per day

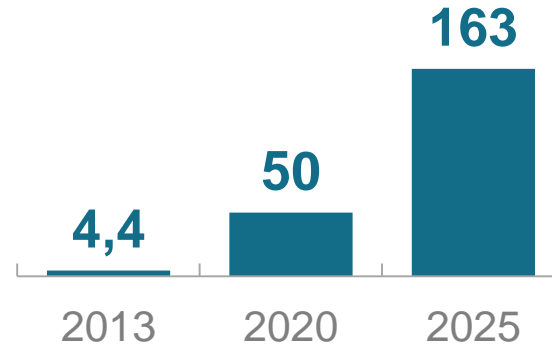


Stadium

200 TB per game

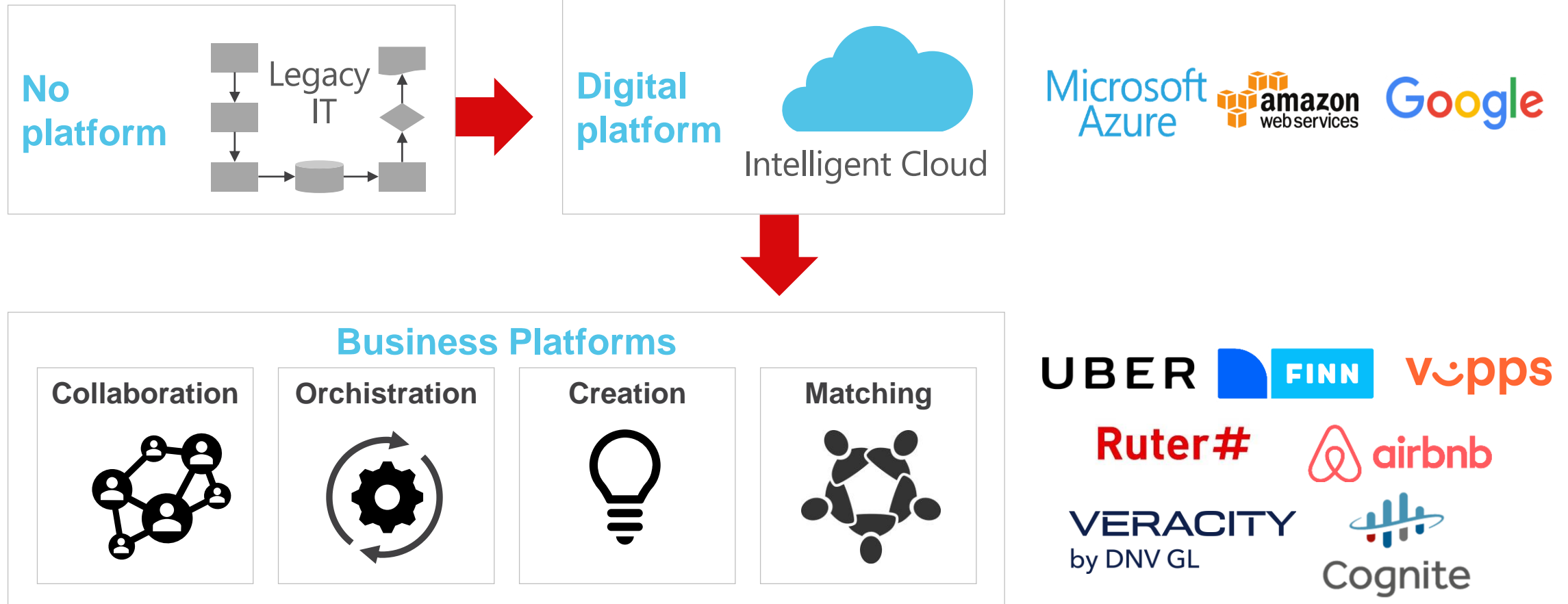


Data growth



1 Zetabyte = 1 Billion Terabytes
All Internet traffic in 2016 = 1.3 Zettabyte

FROM TECH PLATFORM TO BUSINESS PLATFORMS



OUR STRATEGIC POSITION:

SPECIALISTS IN CREATING
DIGITAL BUSINESS

**PLATFORM
FIRST**

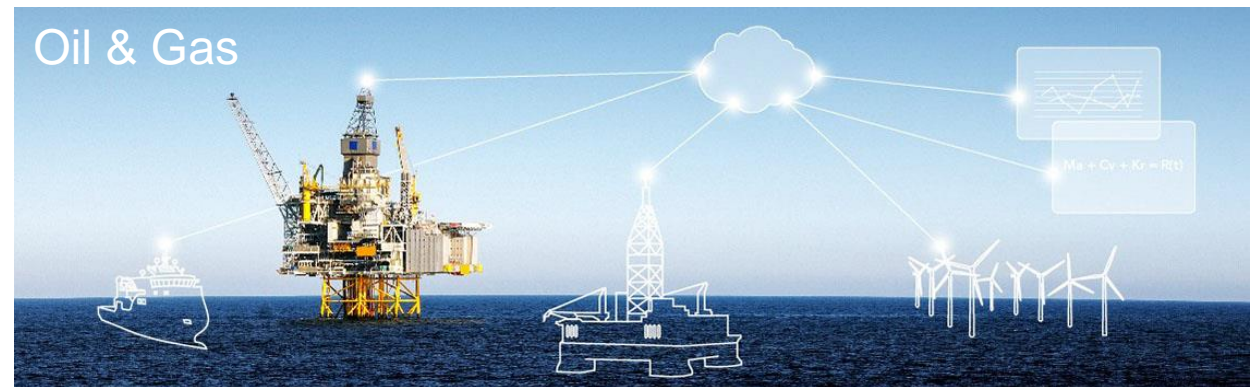
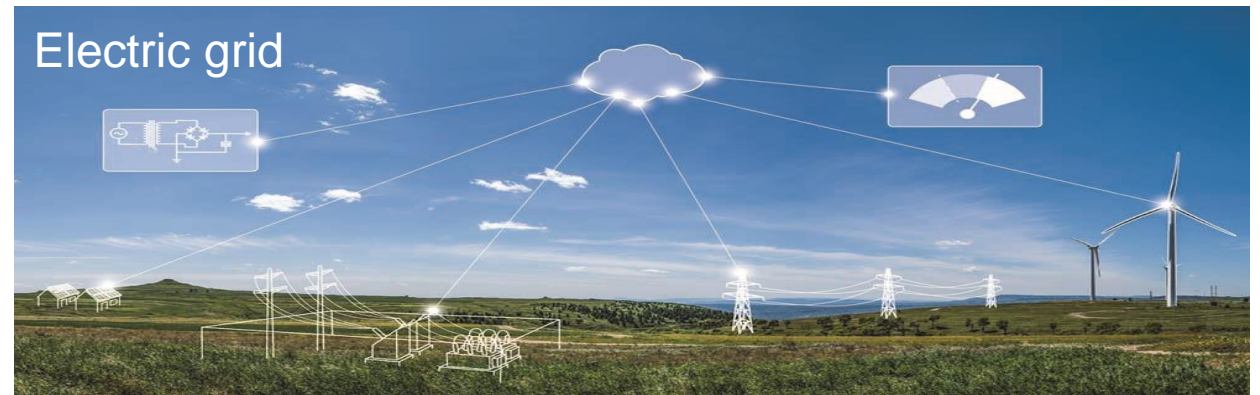


A man with short blonde hair, wearing a grey sweater, is smiling and adjusting a black VR headset on a woman's head. The woman, with dark hair, is also smiling and wearing a grey sweater. They are in a modern office environment with a large wooden desk and a computer monitor in the background. The monitor displays a 3D wireframe model of a building. The entire image has a blue tint.

Selected projects

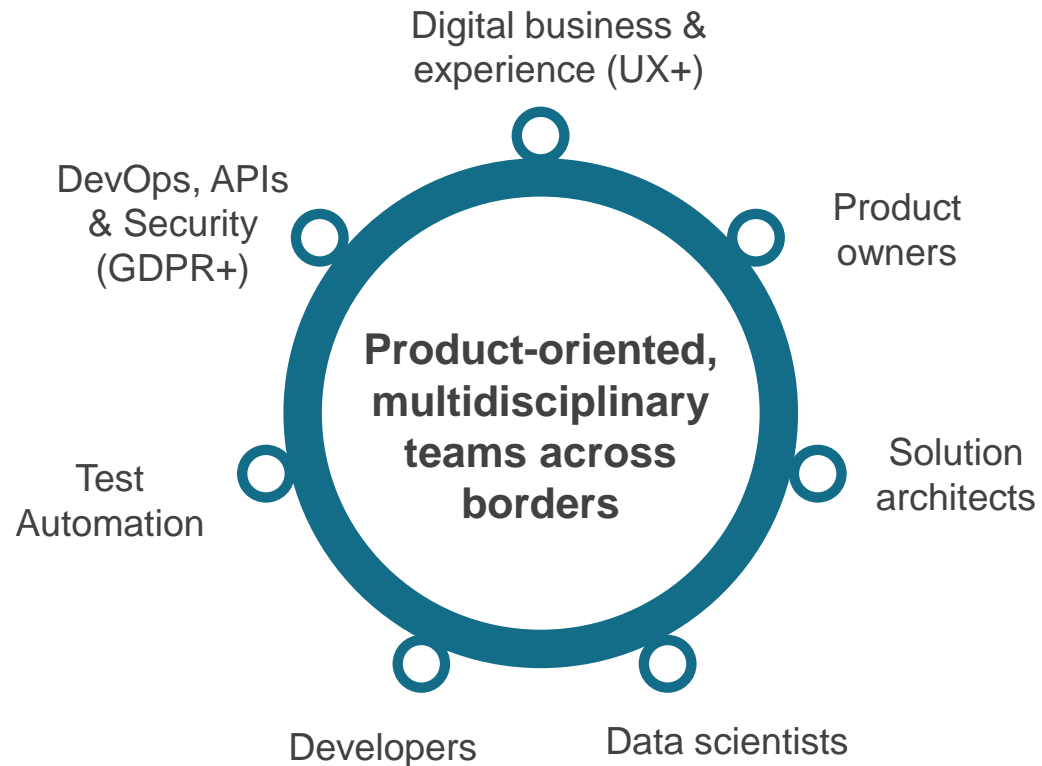
WITH DNV GL ON A GLOBAL SCALE

- **DNV GL Digital Solutions scales up with Itera to provide a full range of services in creating digital business**
- Enable all four business areas Maritime, Oil & Gas, Energy and Business Assurance in their digital transformation
- Hybrid deliveries around the world with high scalability of digital talents
- First engagements in USA, Germany, Poland and Norway



ONE ITERA AT KREDINOR

CONTINUOUS INNOVATION

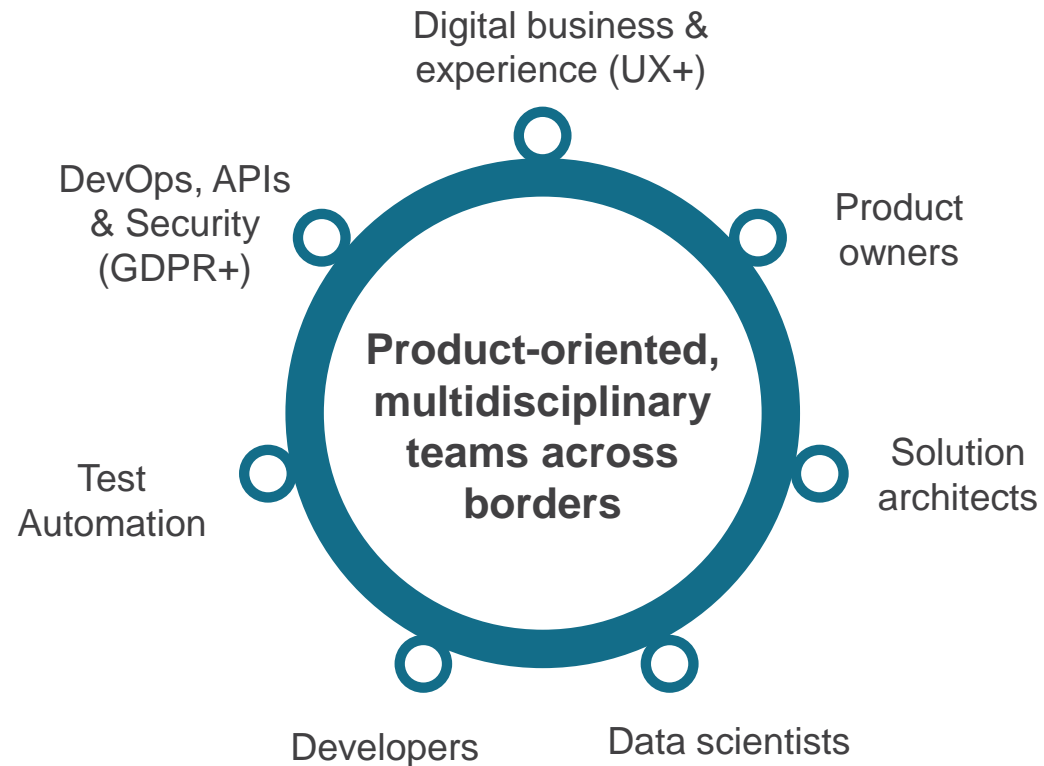


- **Itera is a strategic partner for Kreditor's digitalisation program the next 4 years**
 - Itera is lead on all development for Kreditor, organised as DevOps teams
 - All new development will be in Azure with a full range of services
 - Using AI and analytics in Azure
 - Itera's Managed Cloud Services unit will implement Cloud Foundation, and manage all deliveries in Azure with advisory, cost and security management

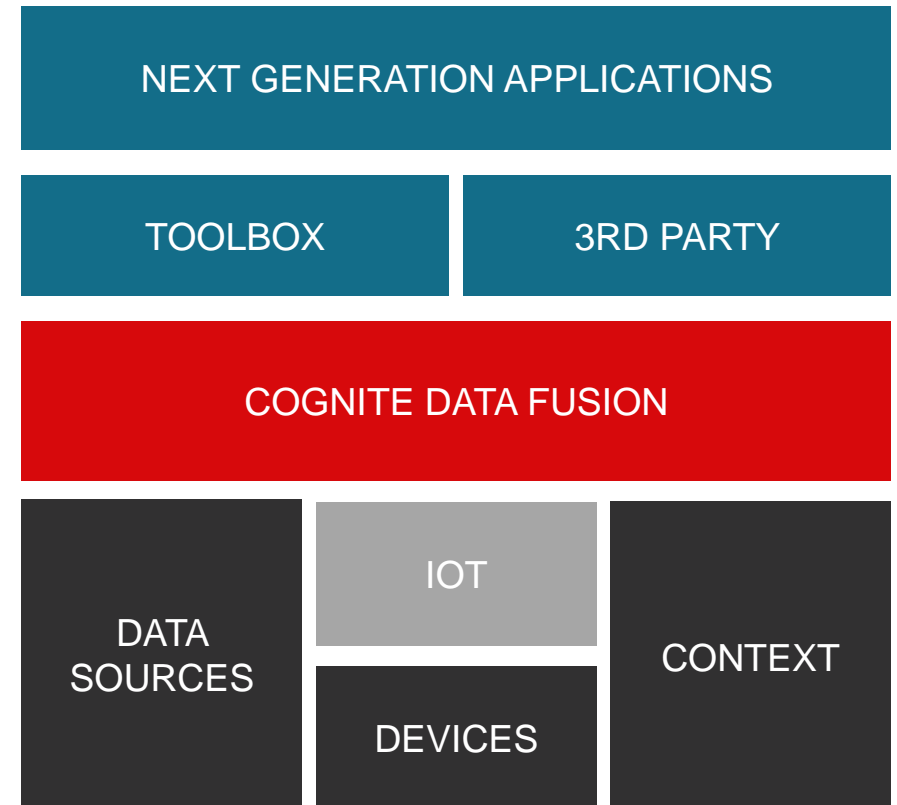
Aker Solutions startup

COGNITE REALISATION PARTNER

CONTINUOUS INNOVATION



SOLUTION CAPABILITIES



Order intake from new and existing customers



- Book-to-bill ratio*) of 0.9 in Q2 for Digital Business and 0.7 overall. 1.5 and 1.2 for H1, respectively

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

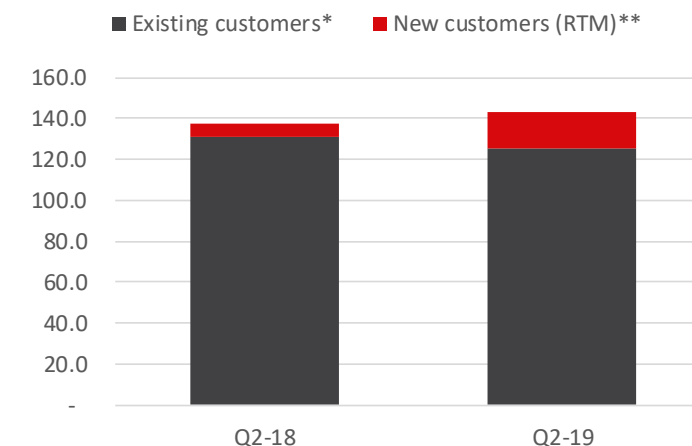
ORDER
INTAKE

CUSTOMER DEVELOPMENT

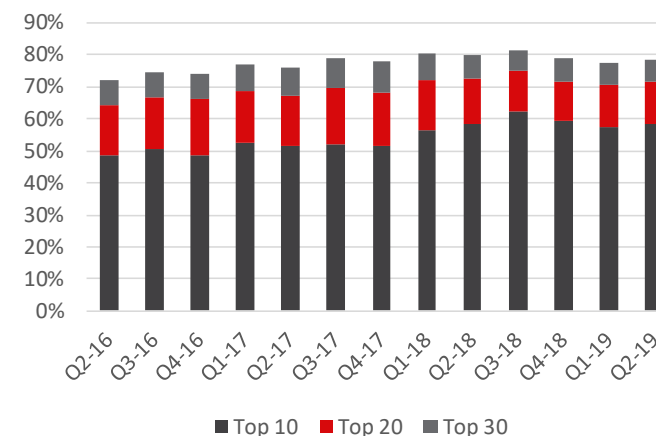
- New business
 - Existing customers accounted for 87.8% of revenues in Q2 2019
 - New customers won over the past year generated revenues of NOK 17.3 million in Q2 2019
- Increasing visibility
 - Share of revenue from top 30 customers down by 2 points y-o-y to 78%
 - High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Hybrid delivery across borders

Revenue customers split

MNOK



Share of revenue



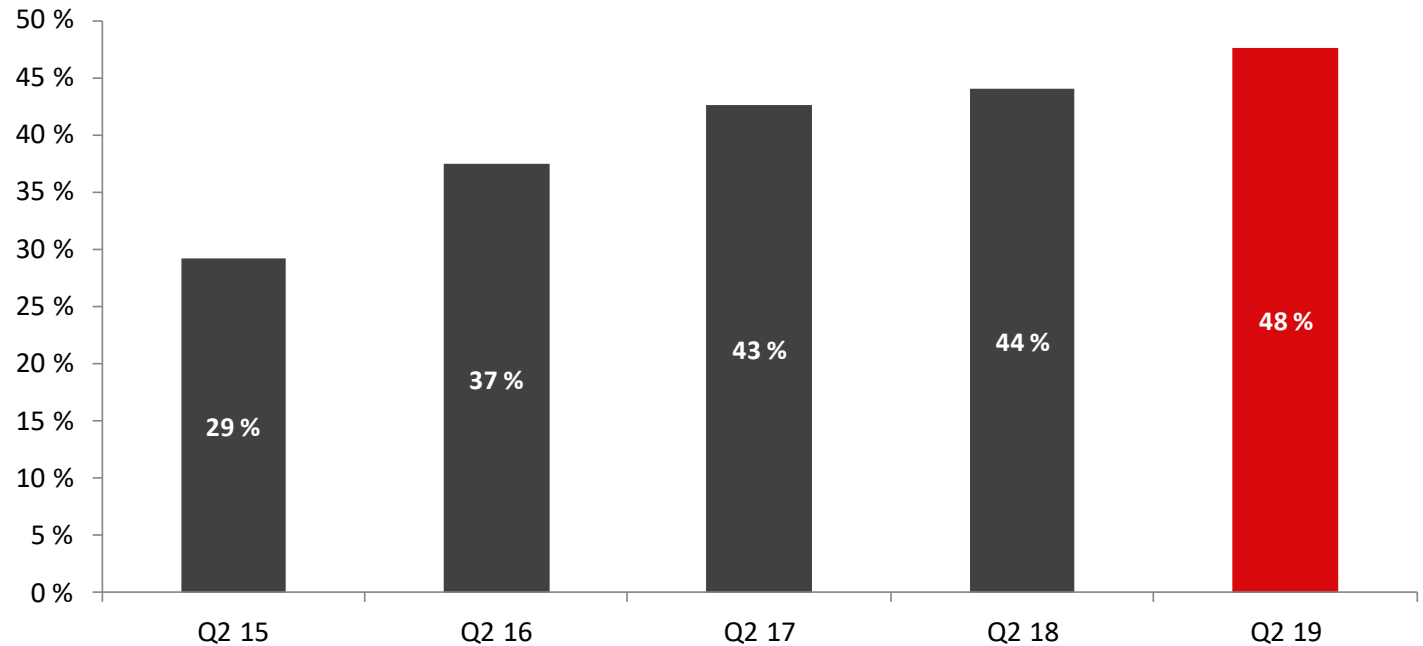
* Existing customers defined as customers that were invoiced in the corresponding quarter last year

** New customers (Rolling Twelve Months) defined as customers won since end of corresponding quarter last year

NEARSHORE RATIO

Nearshore ratio

% of all staff located nearshore

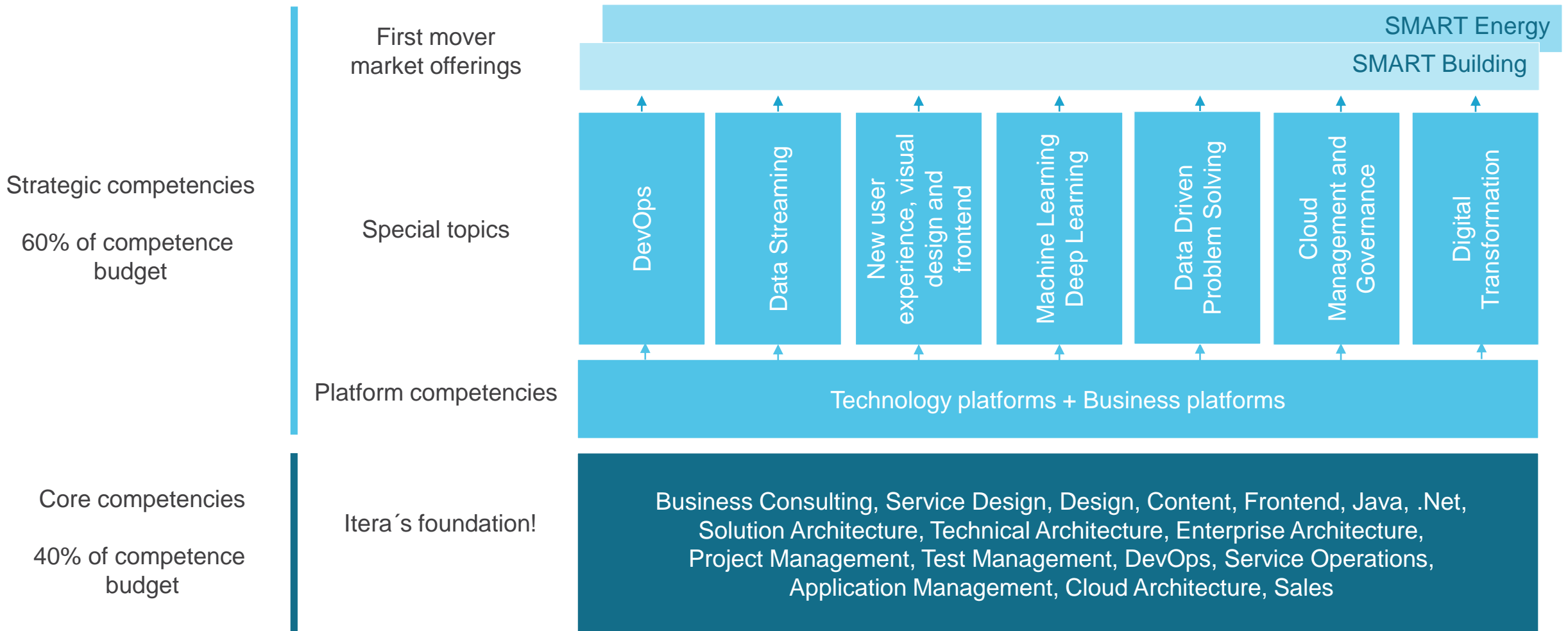


- Nearshore ratio of 48% in Q2 2019
- Our hybrid teams of onshore and nearshore resources are increasing our price flexibility as well as providing access to a very large resource pool

STRATEGIC COMPETENCES



Build
competence on
platforms



WE ARE ALSO ONBOARDING NEW COMPETENCES - TWO EXAMPLES



Sirar Salih

CTO Azure



Steven Parker

Chief Architect

- Microsoft Azure Most Valuable Professional (MVP)
 - 1 of 3 in Norway and #401 globally
- 8 years experience as solution architect and full stack developer
 - Making Waves, If and Itera.
- Board member or program committee member
 - Norwegian .NET User Group, Oslo Software Architecture (OSWA), Mobile Era Conference etc.

- 16 years experience from Product groups at Apple HQ
 - Performance team manager for all Apple Media Products
 - iOS Performance Lead Engineer
 - Server Performance Lead Engineer
- 5 years experience from Sun Microsystems
 - Senior Staff Engineer

SUMMER INTERNSHIP PROGRAM 2019



Gjensidige

Redesign of
godtfordered.no.
Improvement of user
experience.



Santander
Consumer Bank

Development of
service for trading
used cars.



Development of
solution for helping
members with their
personal finances.



storebrand

Development of solution
where customers can
monitor their reported
claims.



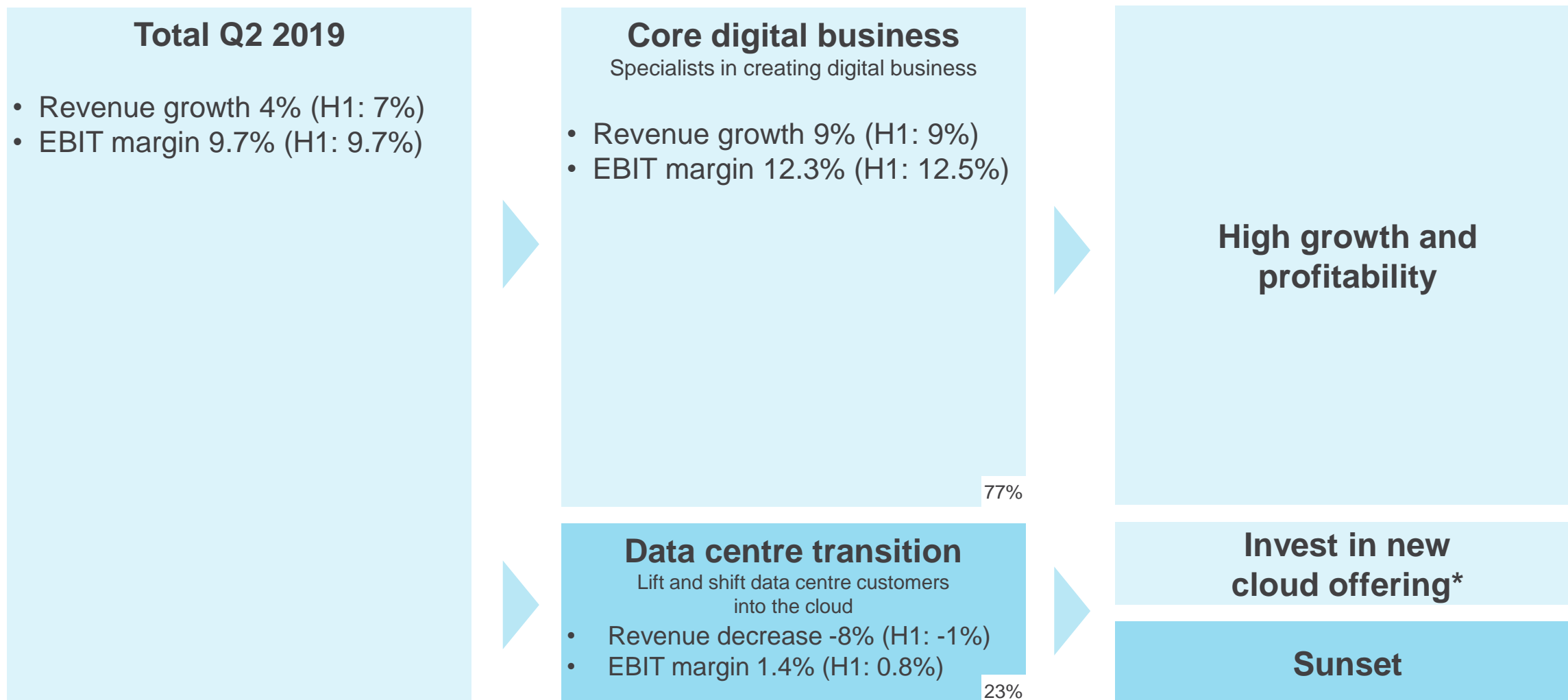
FINANCIAL REVIEW

KEY FIGURES

	2019	2018	Change	2019	2018	Change	2018
NOK Million	Q2	Q2	%	YTD	YTD	%	FY
Sales revenue	143.3	137.6	4 %	286.1	268.7	6 %	531.3
Gross profit	122.1	113.8	7 %	244.7	224.1	9 %	444.0
Personnel expenses	87.9	86.2	2 %	178.2	168.3	6 %	327.8
Other opex	11.6	12.9	(10 %)	21.7	25.9	(16 %)	52.3
EBITDA	22.6	14.7	54 %	44.9	29.9	50 %	64.0
EBITDA margin	15.8 %	10.7 %	5.1 pts	15.7 %	11.1 %	4.6 pts	12.0 %
Depreciation	8.6	5.2	65 %	17.1	10.4	64 %	21.1
EBIT	13.9	9.5	47 %	27.8	19.5	43 %	42.8
EBIT margin	9.7 %	6.9 %	2.9 pts	9.7 %	7.2 %	2.5 pts	8.1 %
Net cash flow from operations	27	22	25 %	22	13	64 %	56.8
Cash and cash equivalents	44	15	187 %	44	15	187 %	55.3
Equity ratio	19.6 %	11.3 %	8.3 pts	19.6 %	11.3 %	8.3 pts	24.3 %
Employees at end of period	499	486	3 %	499	486	3 %	486
Employees in average	493	486	2 %	490	487	1 %	488

- Revenue growth driven by core digital business
- Significant profitability growth from operational effectiveness and nearshore growth
- Two fewer working days in Q2 has negative impact of 2-3 MNOK on revenue and profit (neutral on H1)
- Net add of 25 employees in core digital business and reduction of 12 employees in traditional data centre operations

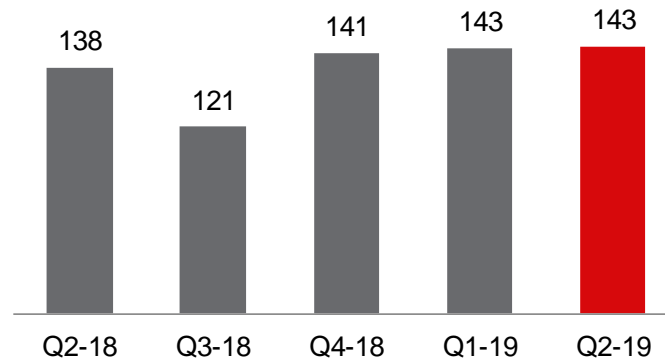
CLOUD TRANSFORMATION



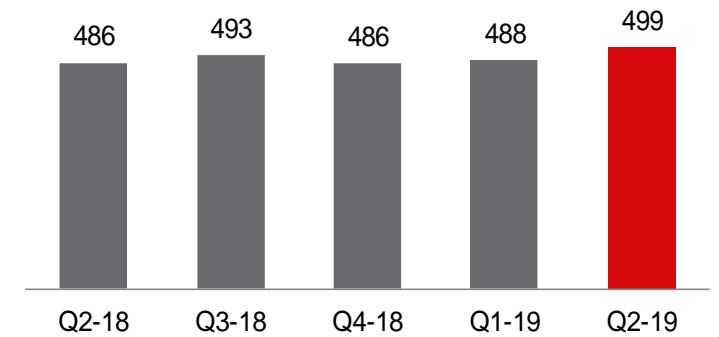
*) Will be included as core digital business after the initial investment period

QUARTERLY DEVELOPMENT

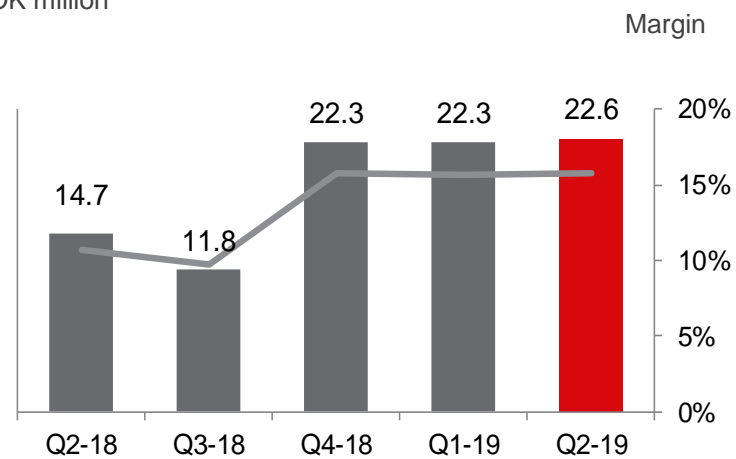
Operating revenue
NOK million



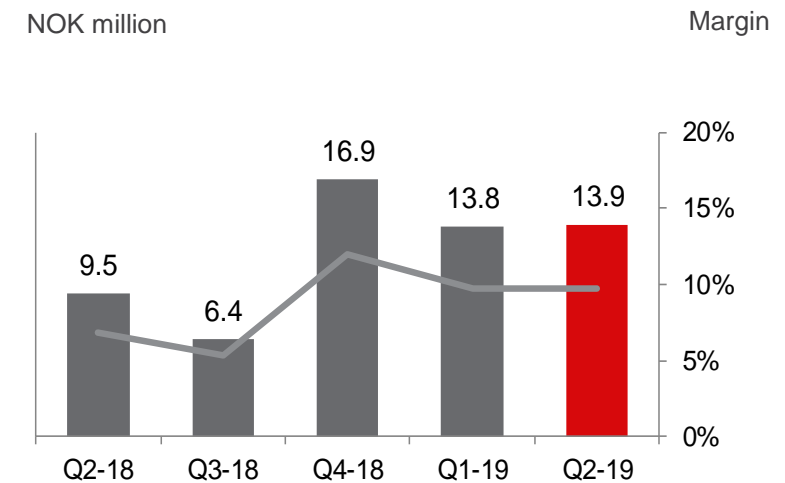
Employees
End of period



EBITDA
NOK million



EBIT
NOK million



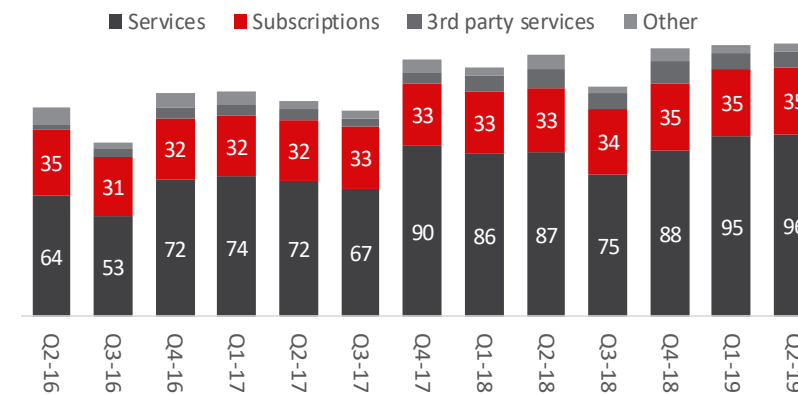
REVENUE SPLIT

Revenue increased by 4% y-o-y

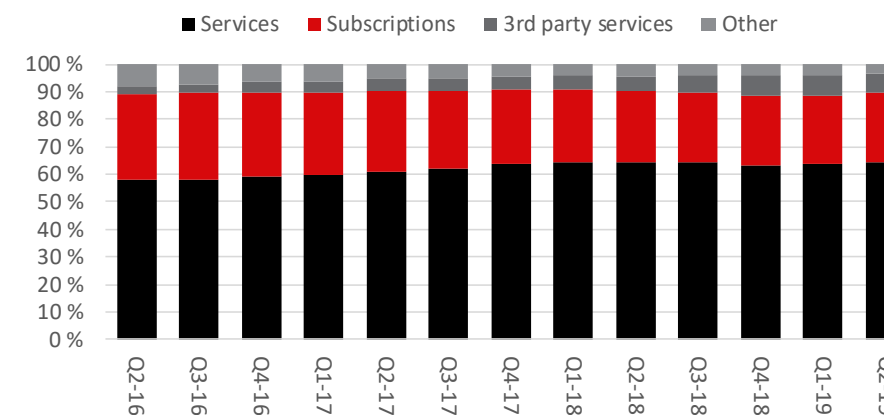
- Service revenues from own consultants increased by 10% to NOK 96 million
- Subscription revenue increased by 5% to NOK 35 million
- 3rd party service revenue decreased by 20% to NOK 8 million
- Other revenue, incl. HW/SW sales, decreased by 42% to NOK 4 million as Itera closed its web shop towards end of Q1 2019

Revenue split (quarterly figures)

NOK Million



Revenue percentage split (rolling 12 months)

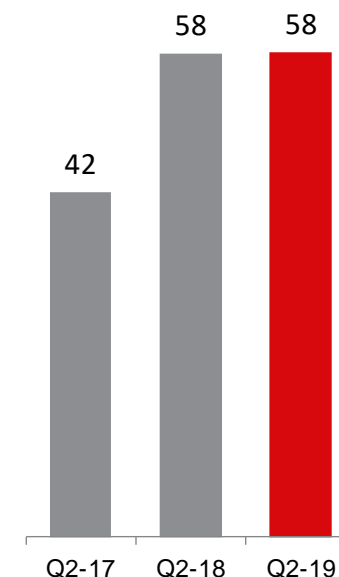


STATEMENT OF CASH FLOW

NOK Million	2019 Q2	2018 Q2	2019 YTD	2018 YTD	2018 FY
Cash flow from operations (EBITDA)	22.6	14.7	44.9	29.9	64.0
Change in balance sheet items	4.4	6.9	(22.9)	(16.5)	(7.1)
Net cash flow from operating activities	26.9	21.6	21.9	13.3	56.8
Net cash flow from investment activities	(2.9)	(8.0)	(5.4)	(13.5)	(20.7)
Purchase of own shares	-	(22.6)	-	(22.6)	(22.6)
Sale of shares	2.1	2.9	2.1	2.9	11.1
Borrowings repaid	(5.1)	(2.1)	(9.6)	(4.2)	(8.7)
External dividend paid	(20.2)	(20.5)	(20.2)	(20.5)	(20.5)
Net cash flow from financing activities	(23.2)	(42.3)	(27.7)	(44.3)	(40.7)
Net change in bank deposits and cash	0.9	(28.7)	(11.2)	(44.5)	(4.6)
Bank deposits at the end of the period	44.1	15.3	44.1	15.3	55.3
New borrowing related to leasing	0.2	1.5	3.3	1.7	3.7

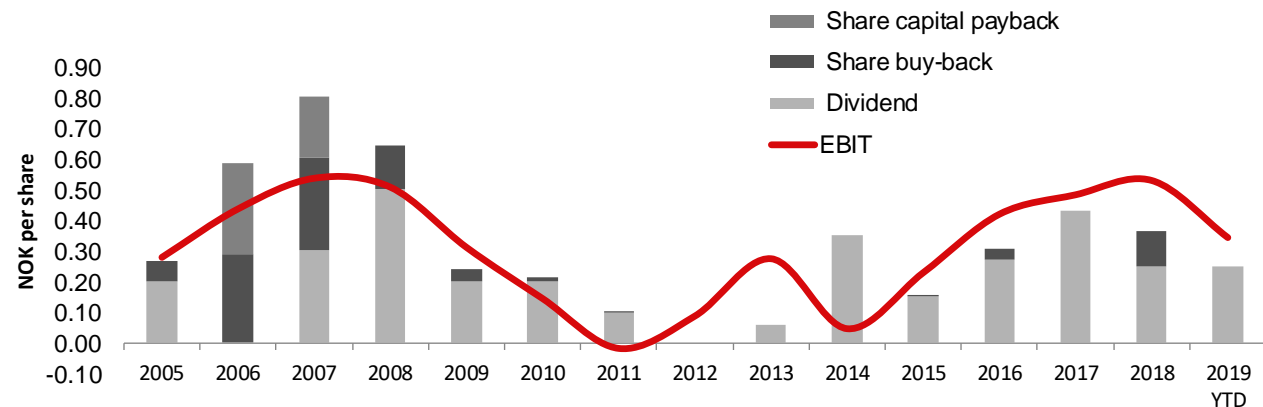
- Cash flow from operations NOK 26.9 (21.6) million in Q2
- Shift of NOK 3.5 million from cash flow from operations to financing activities due to IFRS 16
- NOK 20 million used for dividend payment
- 12 month rolling cash flow from operations was NOK 58 million

12 month rolling
cash flow from operations
(NOK Million excluding the
effect of IFRS 16)



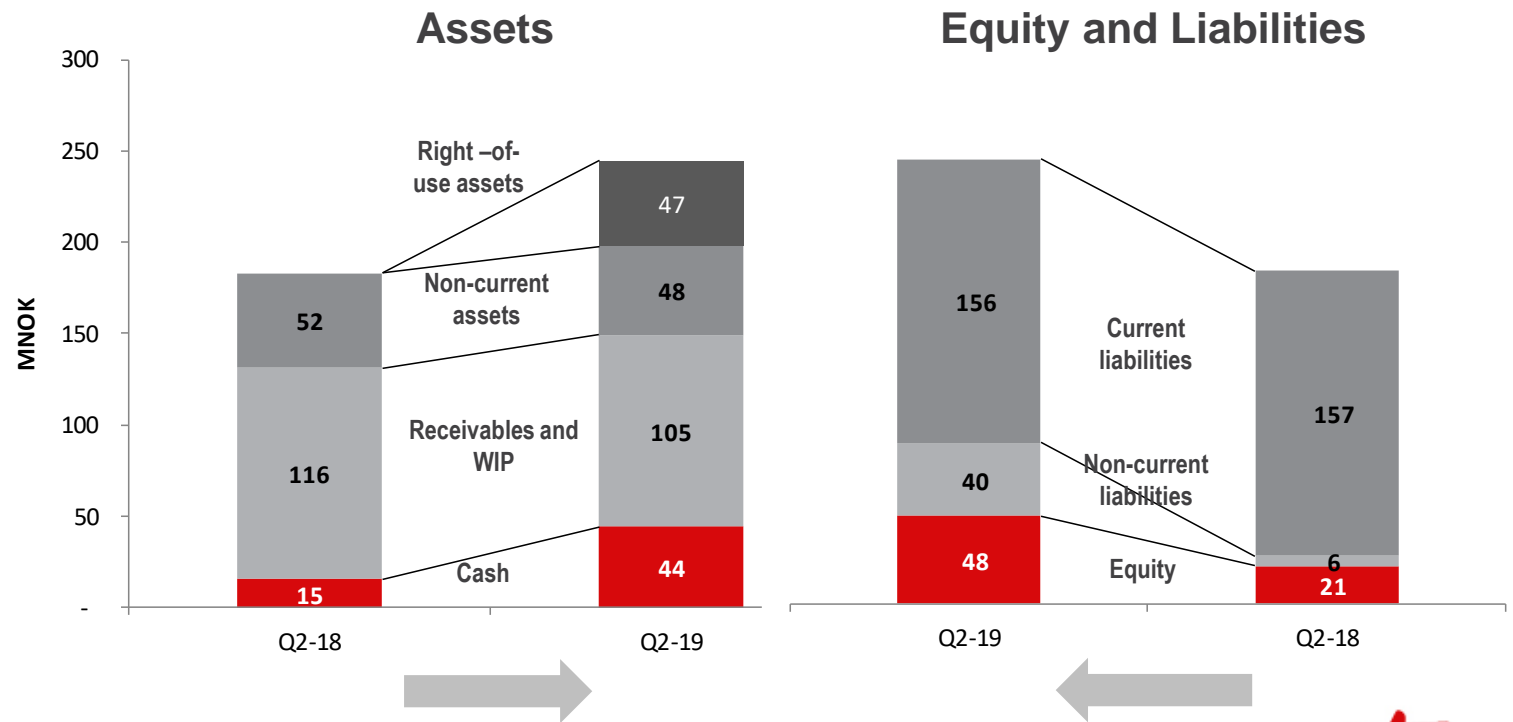
DIVIDENDS AND OWN SHARES

- An ordinary dividend for 2018 of NOK 0.25 per share (64% of net profits) was paid in June
 - AGM authorised the Board to decide on any supplementary dividend later
- Share price was NOK 7.80 on 28 June 2019, NOK 8.62 on 29 June 2018
- Current holding of own shares is 752,118 shares, down from 1,242,165 as at end of Q1 2019
- Consistent high distribution of earnings



STATEMENT OF FINANCIAL POSITION

- Right-of-use assets of MNOK 47 introduced following adoption of IFRS 16 Leases with corresponding lease liability
- Equity ratio of 20% (11%) per 30 June
 - -4.7 points impact from IFRS 16
- Cash balance of MNOK 44 (MNOK 15)





OUTLOOK

A man and a woman are looking at a tablet together. The man is sitting and holding the tablet, while the woman stands behind him, looking at the screen. They are both smiling and appear to be in a professional setting. The image has a blue tint.

OUTLOOK

- Attractive market with high demand for digitalisation in all Nordic markets
- Profitable growth and cash flow are key focus areas
- Investment in new Managed Cloud Services unit and transform own data centre into the cloud
- 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.



Q&A SESSION

TOP 20 SHARE- HOLDERS

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	26.85	Norway	22 065 172
2	OP CAPITAL AS	5.37	Norway	4 414 397
3	EIKESTAD AS	4.99	Norway	4 100 000
4	GIP AS	4.45	Norway	3 659 559
5	DnB NOR Bank ASA	4.08	Norway	3 350 000
6	SEPTIM CONSTULTING AS	3.39	Norway	2 788 000
7	BOINVESTERING AS	3.20	Norway	2 630 000
8	GAMST INVEST AS	2.68	Norway	2 200 000
9	JØSYRA INVEST AS	2.68	Norway	2 200 000
10	STOREBRAND VEKST VERDIPAPIRFOND	2.64	United Kingdom	2 168 936
11	MARXPIST INVEST AS	2.47	Norway	2 031 588
12	FRAMAR INVEST AS	1.22	Norway	1 000 000
13	AANESTAD PANAGRI AS	1.10	Norway	900 000
14	ITERA ASA	0.92	Norway	752 118
15	SÆTRANG	0.81	Norway	662 523
16	ALTEA PROPERTY DEVELOPMENT AS	0.80	Norway	660 377
17	NYVANG	0.79	Norway	650 000
18	HØGBERG	0.78	Norway	640 166
19	JENSEN	0.76	Norway	621 000
20	MORTEN JOHNSEN HOLDING AS	0.73	Norway	600 000
20	SOBER KAPITAL AS	0.73	Norway	600 000
TOP 20		71.42		58 693 836

*Arne Mjøs Invest AS holds a future contract expiring 21 September 2019 on 3,350,000 shares at an average price of NOK 9.3044 per share. The total controlling interest of Arne Mjøs is thus 25,415,172 shares (30.9%).

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