



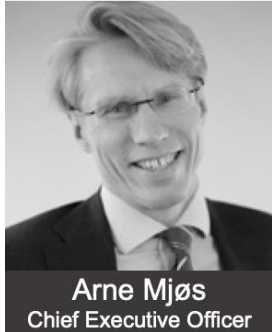
INTERIM REPORT

ITERA FOURTH QUARTER 2019

CEO ARNE MJØS
CFO BENT HAMMER

OSLO, 25 FEBRUARY 2020

PRESENTERS AND AGENDA



Highlights of the quarter

Business review

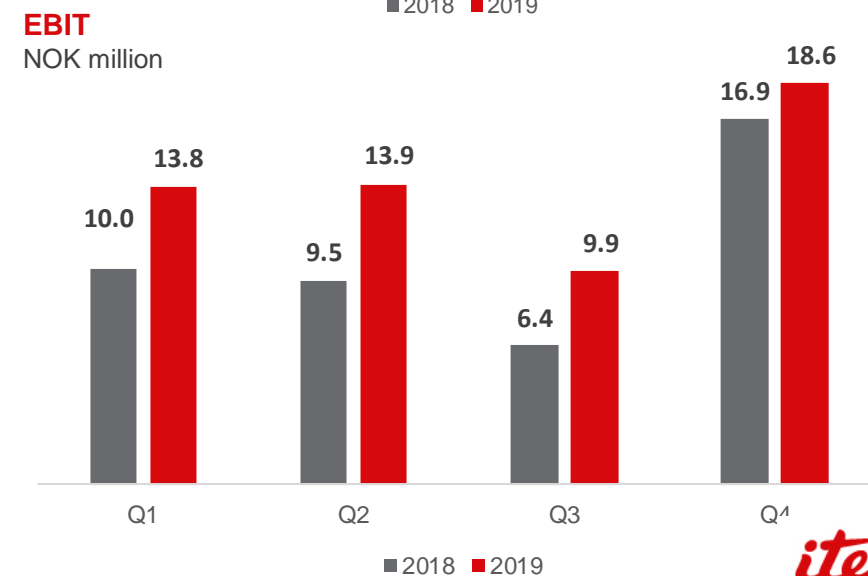
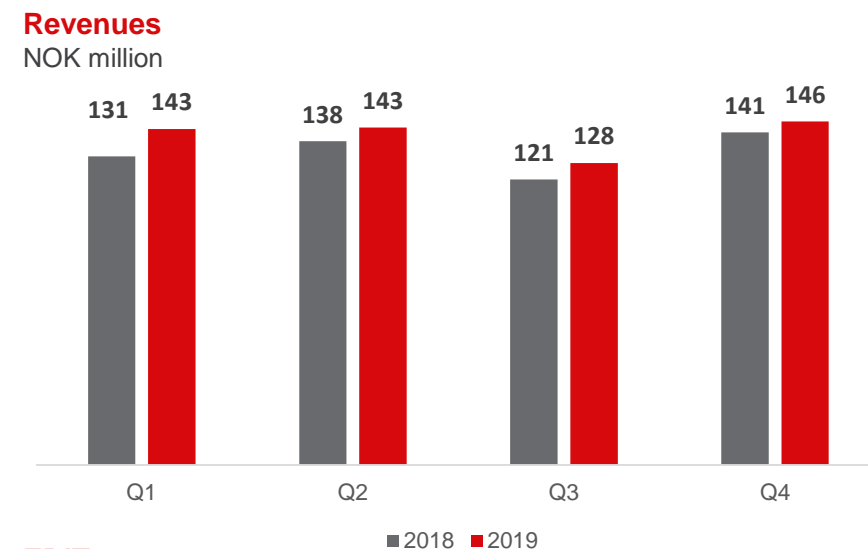


Financial review

Outlook

HIGHLIGHTS OF THE FOURTH QUARTER

- High growth and profitability in core digital business
 - Gross profit growth of 9%
 - EBIT margin of 14.4% (16.8%)
- Total business
 - Revenue NOK 146 (141) million, up by 3% y-o-y
 - Gross profit NOK 127.2 (117.9) million, up by 8% y-o-y
 - EBIT of NOK 18.6 (16.9) million, 12.7% (12.0%) margin
- Increasing revenue from strategic customers in new industries
- Strong order intake in digital business with book-to-bill ratio of 1.2 (1.3 full year)
- Proposed ordinary dividend for 2019 of NOK 0.30 per share



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

2019 HIGHLIGHTS

26%

Growth in hybrid

8%

Growth in core
digital business



Top 25 in innovation 4
years in a row



New **customers** and
new **industries**



World class **hybrid delivery
model** into new geographies



Solid development in
Itera West & Iceland



Completed **200+ certifications**
on cloud platforms



Built a strong **Managed
Cloud Services** offering



Strengthened **recruitment**
and **attractiveness**

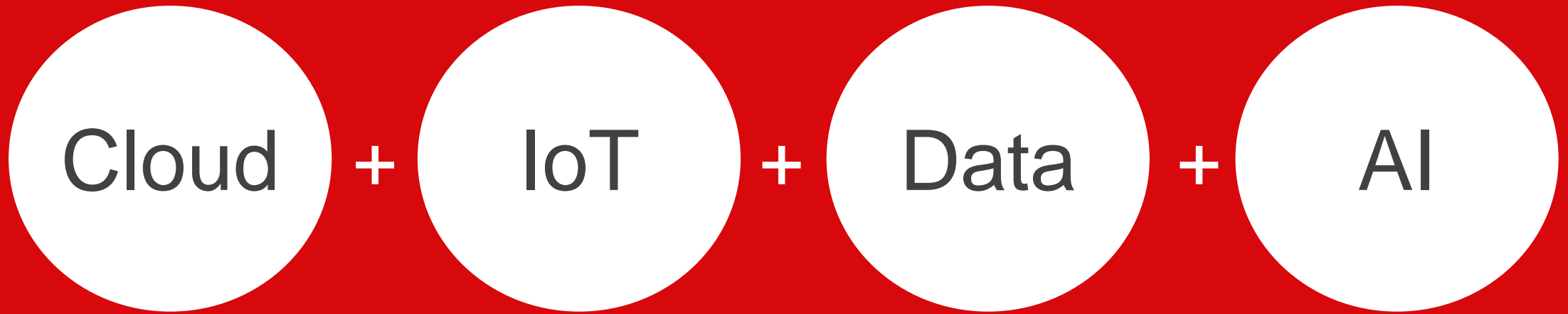


Itera + Microsoft + Google + Amazon

THE SPECIALIST IN CREATING SUSTAINABLE DIGITAL BUSINESS



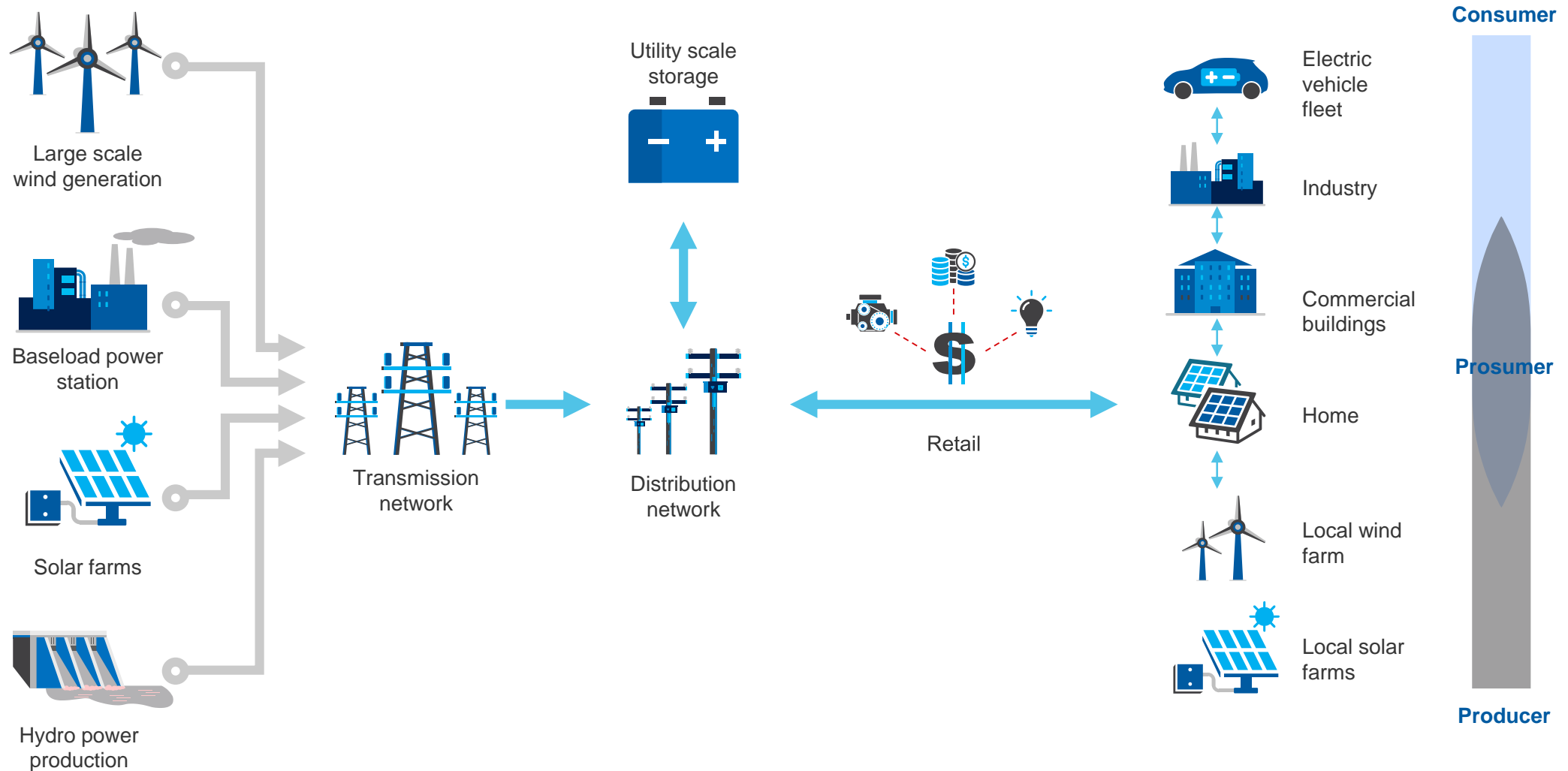
The next digital decade has started



PLATFORM FIRST

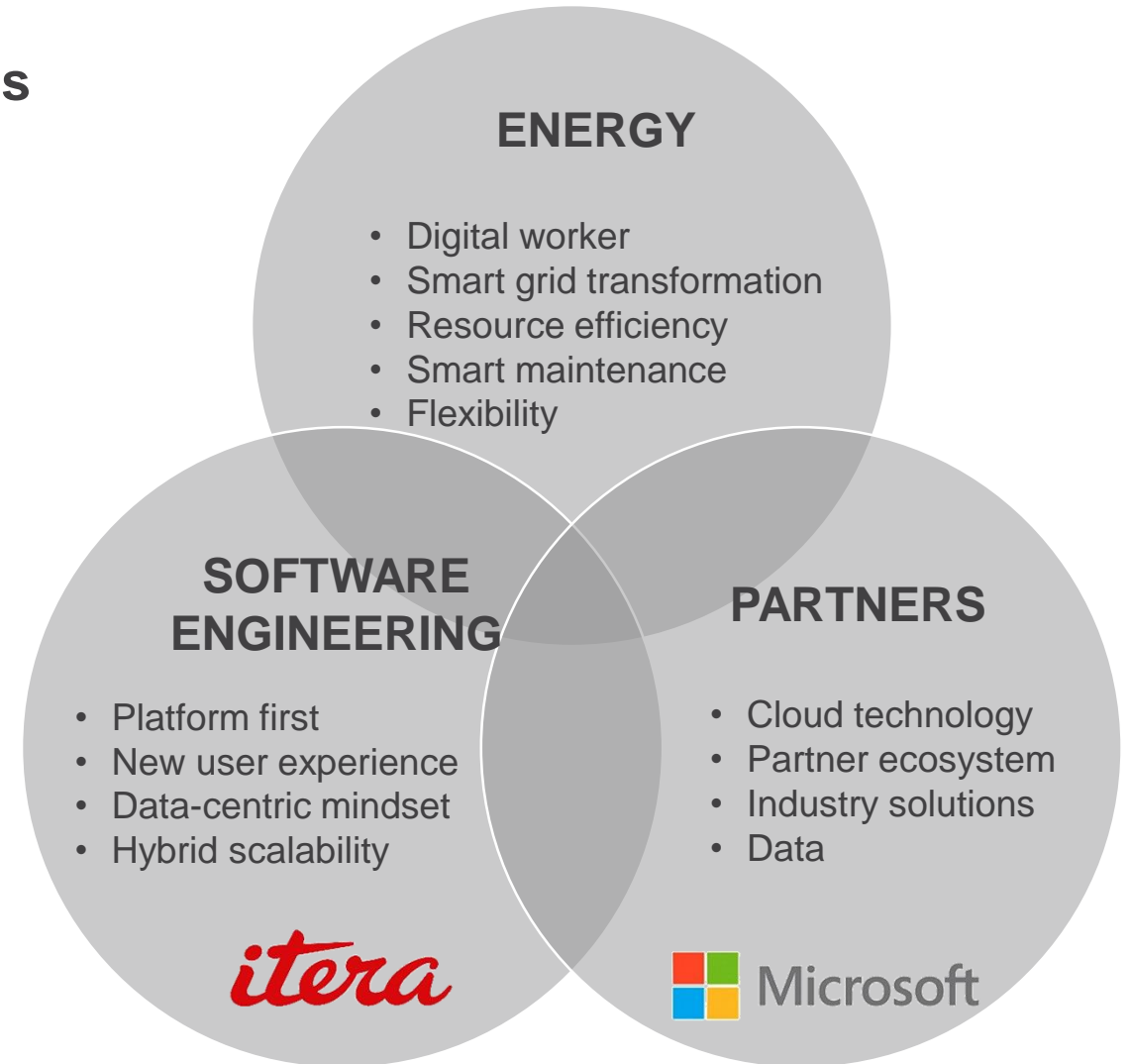
TRANSFORMING POWER & UTILITY

DIGITALIZATION BY REAL TIME DATA AND AI



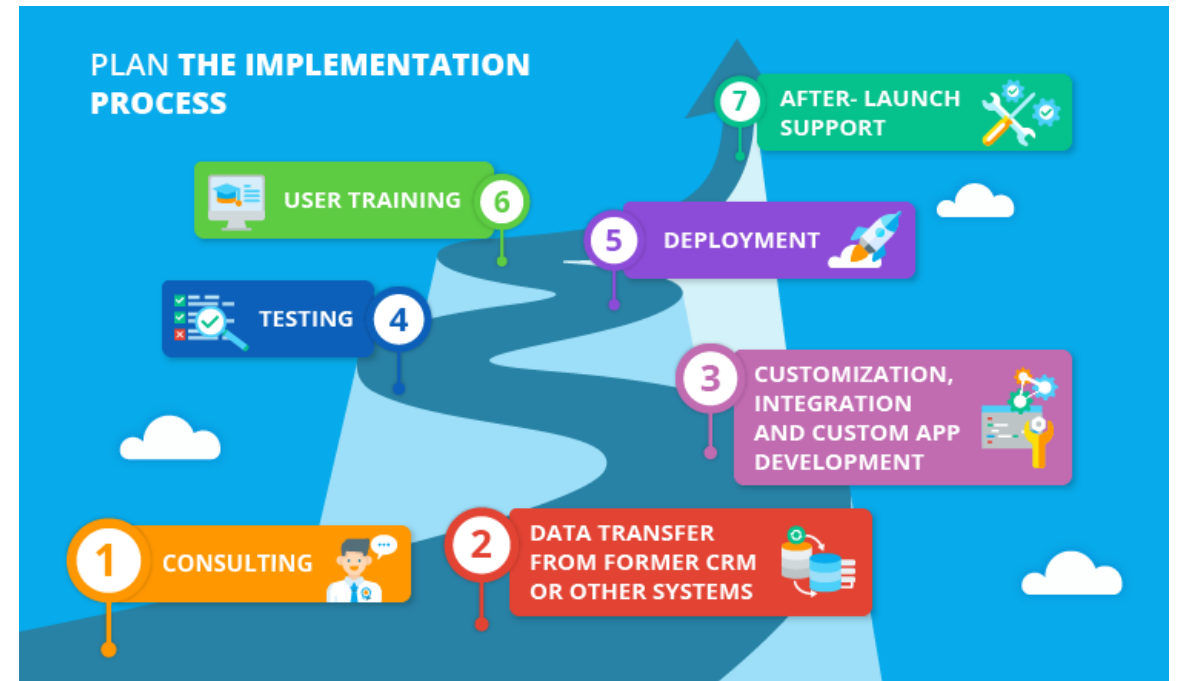
THE FUSION OF ENERGY AND SOFTWARE

- **Driving innovation in multidisciplinary teams**
 - by combining deep domain knowledge, software engineering, partner ecosystems and industrial data in new ways
- **Adapting our approach to fit into industry**
 - by matching with customer strategy, culture and governance and focus on use cases that show the value of digitalization and automation
- **High scalability of digital talents and capabilities**
 - through hybrid delivery with a large pool of digital competences across borders



SALESFORCE PARTNERSHIP

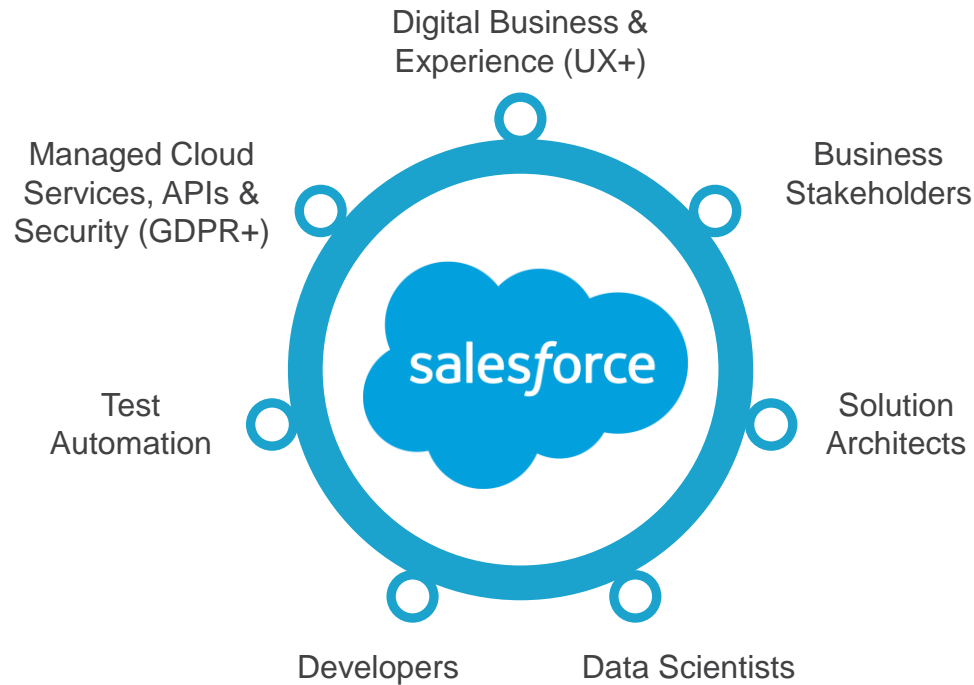
- Itera has entered into a strategic partnership with Salesforce to become a full scope scalable realization partner to enable new digital businesses
- Our capabilities are built in collaboration with a nearshore niche provider with 80+ certified Salesforce experts initially
- A large opportunity to build reusable components and integration with other systems as well



A FULL SCOPE REALIZATION PARTNER

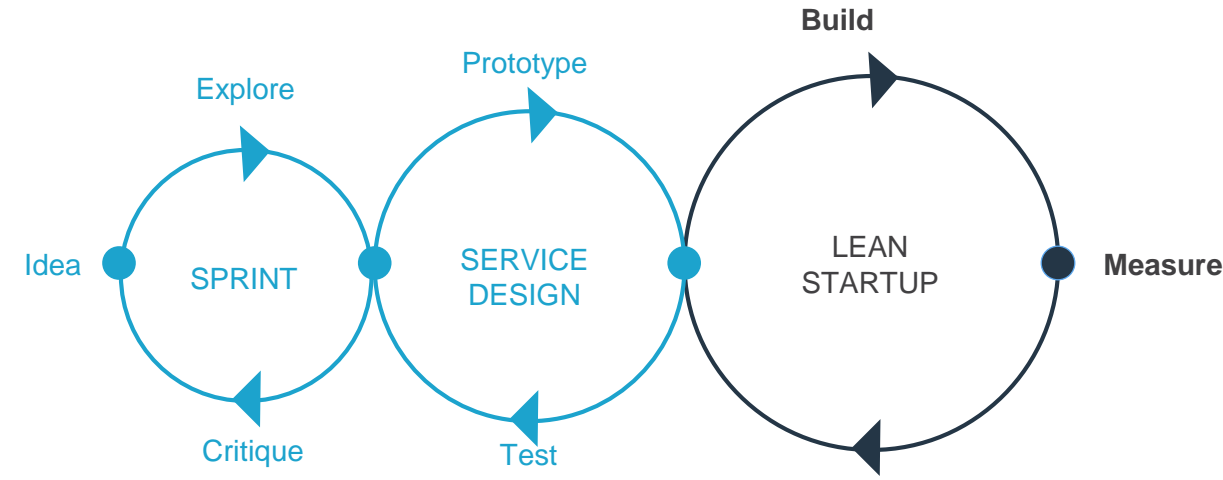
MULTIDISCIPLINARY TEAM

FULL RANGE OF SERVICES AND CAPABILITIES



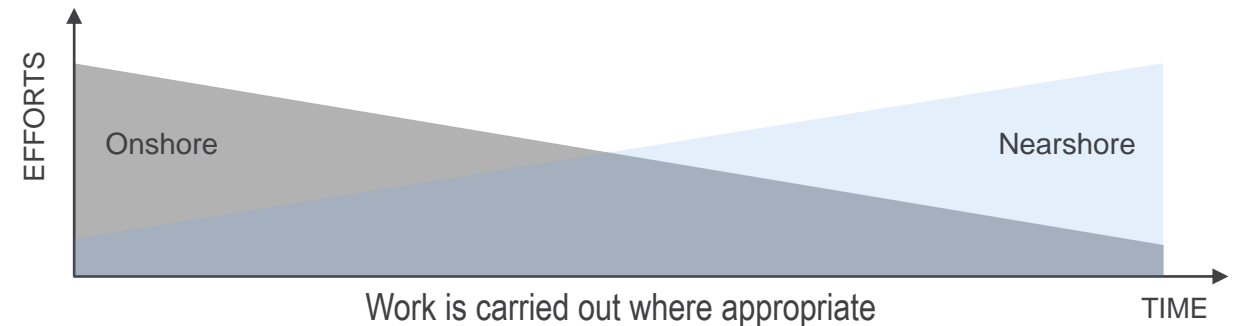
FAST

INNOVATION & TIME TO MARKET



HYBRID

SCALABILITY & COST-EFFICIENCY



A man with short blonde hair, wearing a grey sweater, is assisting a woman with dark hair, also in a grey sweater, who is wearing a black VR headset. The man is adjusting the headset on the woman's head. 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

BY 2021...



75%

of organizations
that do not
proactively
manage their
cloud
implementation will
spend at least

30%

more than
on-premises
deployments

ITERA MANAGED CLOUD SERVICES



ITERA MANAGED CLOUD PLATFORM



A platform that enables everyone to take a secure and controllable journey to a public cloud based on their actual needs with use of best practices from our specialists

SELECTED CUSTOMERS

Kredinor

 storebrand



Kredinor

«We are very satisfied with the flexibility and competence Itera has shown regarding cloud foundation, advisory and development. Actually, we would not have been able to launch the new system in production on Azure so fast without Itera.

Hence, Itera was crucial to Kredinor's realization and launch of our new customer solution in Azure».

INNOVATING POWER COMPANY

Glitre Energi and Agder Energi join forces into a 50-50% owned company, Oss Norge, as a fully digital power company based on real time data from smart meters.



A fully digital power company

- Oss Norge was created as a new startup by Glitre Energi based on smart metering data to disrupt the industry
- Itera plays an important role with a range of services, including strategic advisory and key management positions



Cross-industry services

- 50-60% of fires in homes are caused by faults in electrical systems or incorrect use of electrical equipment
- Itera facilitated Oss Norge with a large Nordic insurance company in piloting the potential of using smart metering data to prevent fire in homes and buildings



The flexibility market

- Nodes provides an independent marketplace for trading decentralized flexibility in the energy market
- Itera facilitated Nodes to create a new concept of micro payments based on block chain technology by Nets Smart Payments



ELECTRIC GRIDS IN USA

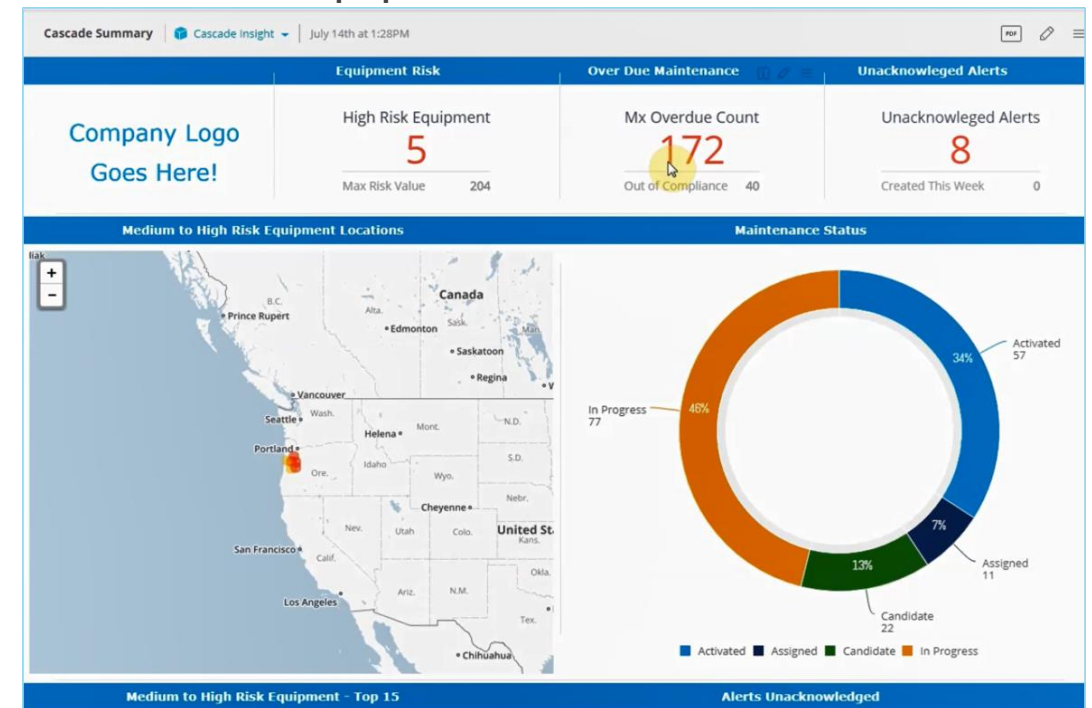
Utility asset management for electric grid on Microsoft Azure



Corvallis, Oregon

- Itera has become a key realization partner for DNV GL in assisting them to develop Cascade 2.0, a cloud ready utility asset management solution.
- Itera has been brought in to shorten the time to market for Cascade 2.0
- Itera is providing the following services to DNV GL – DevOps advisory, Test automation, Architecture advisory, development and testing.

CASCADE – Utility asset management using data analytics and condition-based maintenance to maximize equipment lifetimes



NORDIC ORIGIN, GLOBAL REACH

Our ONE Itera strategy and world class hybrid delivery model bring us into new customers, new industries and new geographies

New industries: Energy, Maritime & Fishery



Order intake from new and existing customers



COGNITE



Kredinor



ORDER
INTAKE

Book-to-bill ratio^{*)} of 1.2 in Q4 for Digital Business and 1.3 full year

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

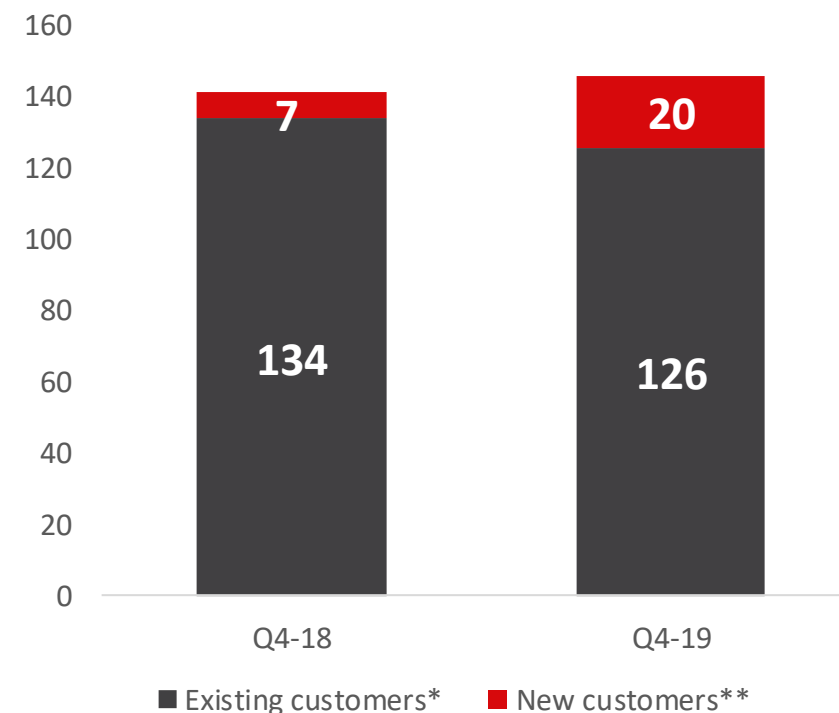
itera

CUSTOMER DEVELOPMENT

- New business
 - Existing customers accounted for 86.3% (94.8%) of revenues in Q4 2019
 - New customers won over the past year generated revenues of NOK 20.0 (7.3) million in Q4 2019
- Good visibility
 - Share of revenue from top 30 customers down by 4 points y-o-y to 75%
 - High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Hybrid delivery across borders

Revenue customers split

MNOK



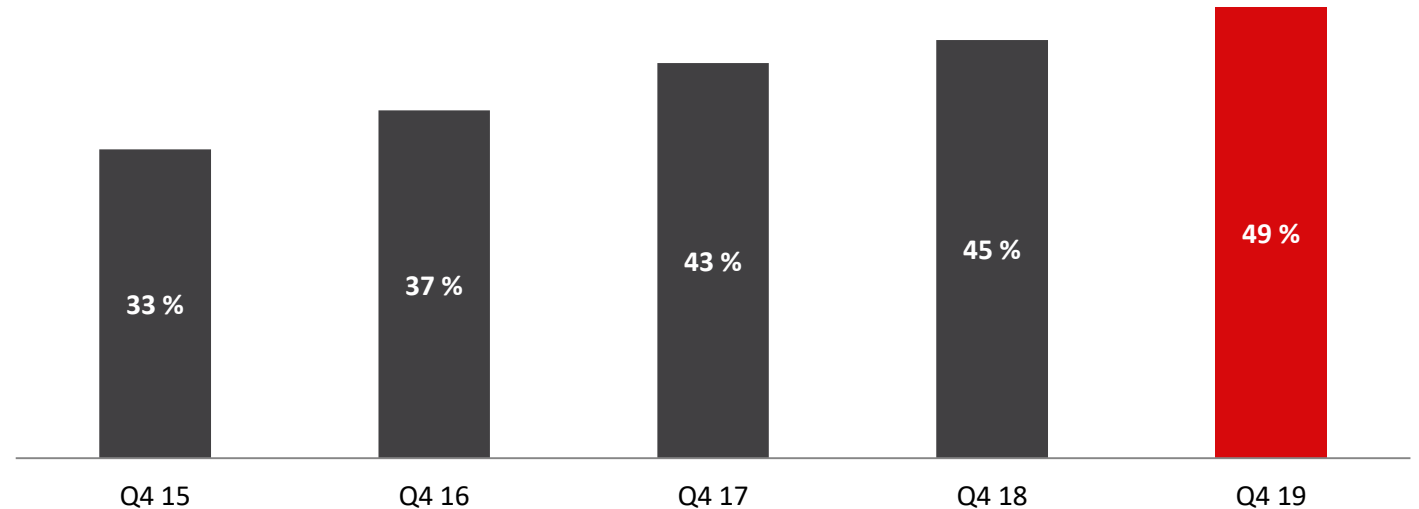
* Existing customers defined as customers that were invoiced in the corresponding quarter last year

** New customers defined as customers won since end of corresponding quarter last year

NEARSHORE RATIO

Nearshore ratio

% of all staff located nearshore



- Nearshore ratio of 49% in Q4 2019
- Our hybrid teams of onshore and nearshore consultants are increasing our price flexibility as well as providing access to a very large resource pool

TOP 3 IN PROJECT MANAGEMENT!

The Project Management Institute in Ukraine has ranked the country's best Project Management offices. Evaluation criteria: Customer service, Best practices, Innovations, Community creating, Generating value and Competence development.





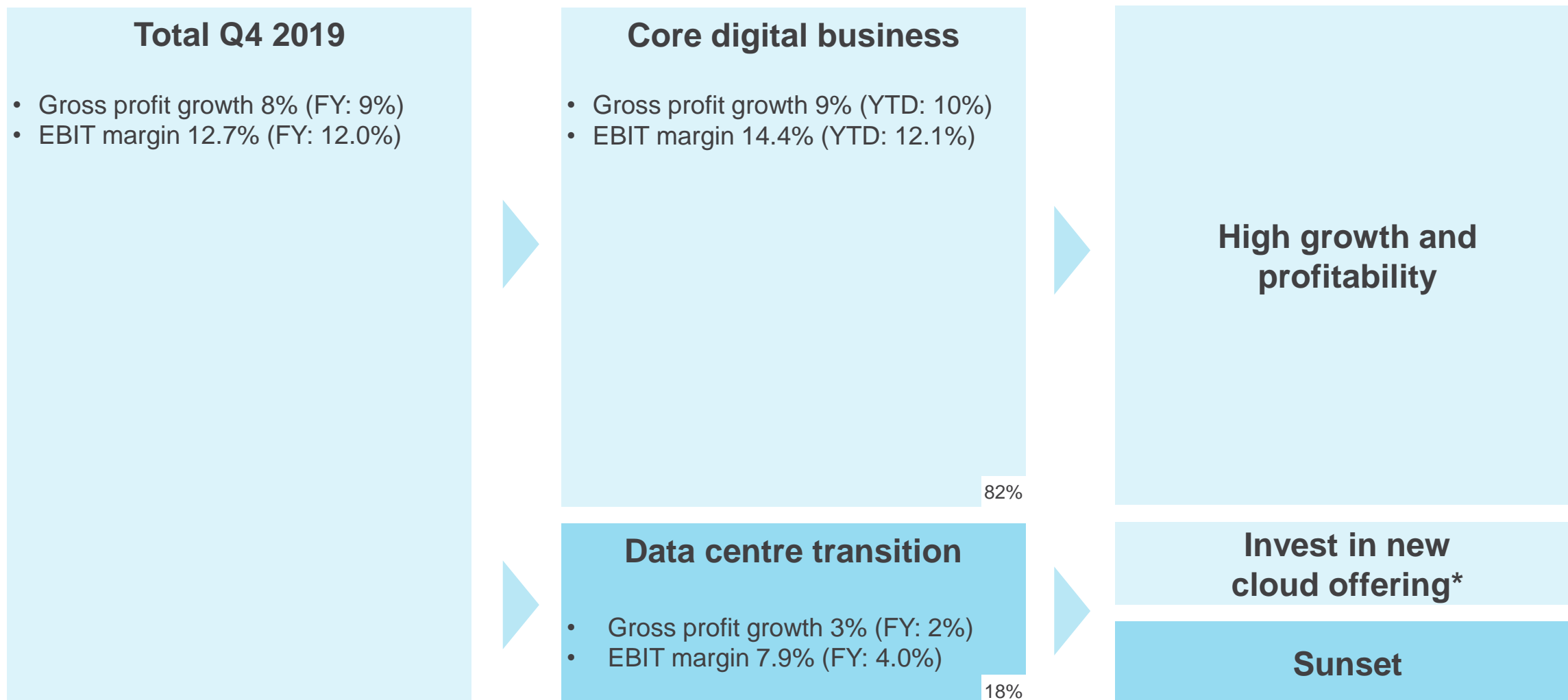
FINANCIAL REVIEW

KEY FIGURES

	2019	2018	Change	2019	2018	Change
NOK Million	10-12	10-12	%	1-12	1-12	%
Sales revenue	146.0	141.3	3 %	560.3	531.3	5 %
Gross profit	127.2	117.9	8 %	483.0	444.0	9 %
Personnel expenses	87.9	83.7	5 %	348.3	327.8	6 %
Other opex	11.3	11.9	(5 %)	42.7	52.3	(18 %)
EBITDA	28.0	22.3	26 %	92.0	64.0	44 %
EBITDA margin	19.2 %	15.8 %	3.4 pts	16.4 %	12.0 %	4.4 pts
Depreciation	9.5	5.4	76 %	35.8	21.2	69 %
EBIT	18.6	16.9	10 %	56.2	42.8	31 %
EBIT margin	12.7 %	12.0 %	0.8 pts	10.0 %	8.1 %	1.9 pts
Net cash flow from operations	43.1	42.0	3 %	80.0	56.8	41 %
Cash and cash equivalents	53.1	55.3	(4 %)	53.1	55.3	(4 %)
Equity ratio	19.2 %	24.3 %	-5.1 pts	19.2 %	24.3 %	-5.1 pts
Employees at end of period	512	486	5 %	512	486	5 %
Employees in average	508	489	4 %	498	488	2 %

- Revenue growth driven by core digital business with less use of subcontractors
- Positive capacity growth
- Strong cash flow from operations

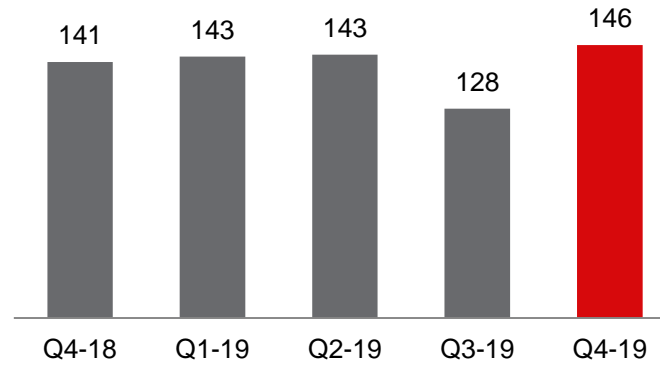
CLOUD TRANSFORMATION



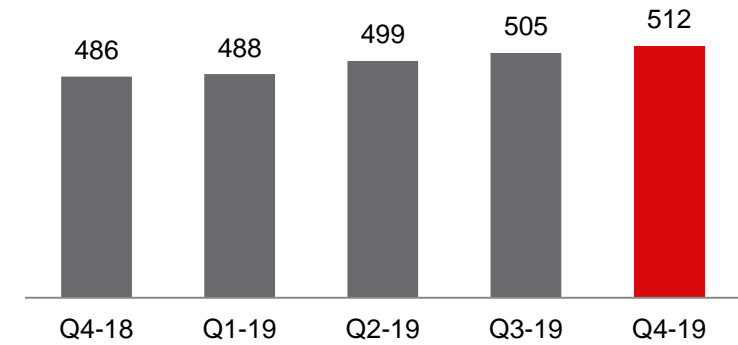
*) Will be included as core digital business from 2020 after initial investments have been made

QUARTERLY DEVELOPMENT

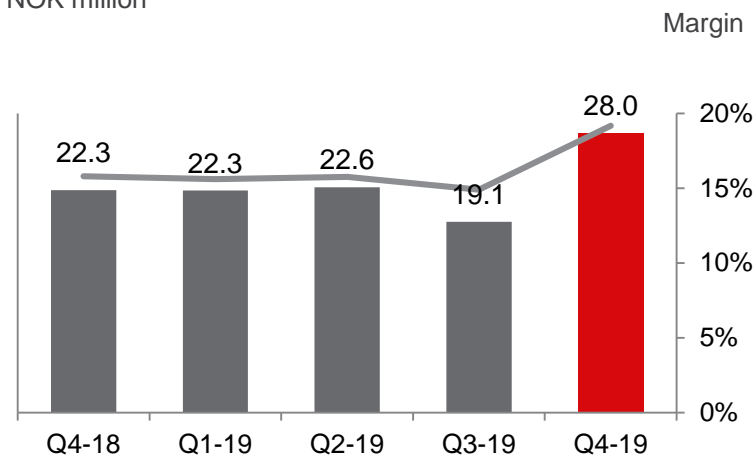
Operating revenue
NOK million



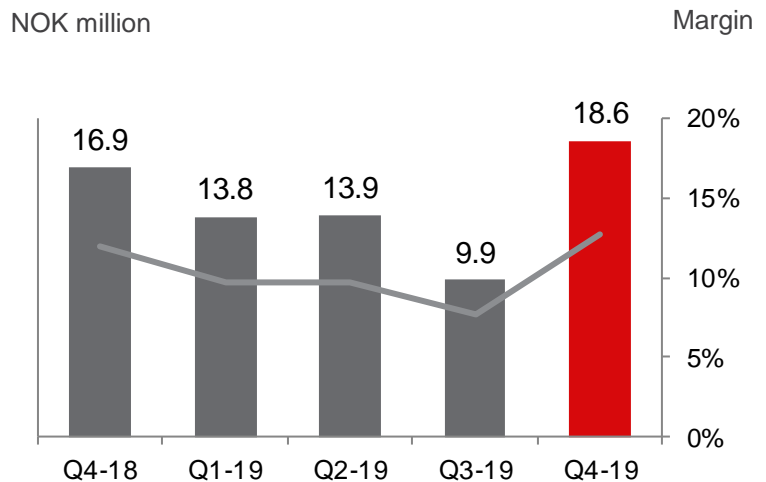
Employees
End of period



EBITDA
NOK million



EBIT
NOK million



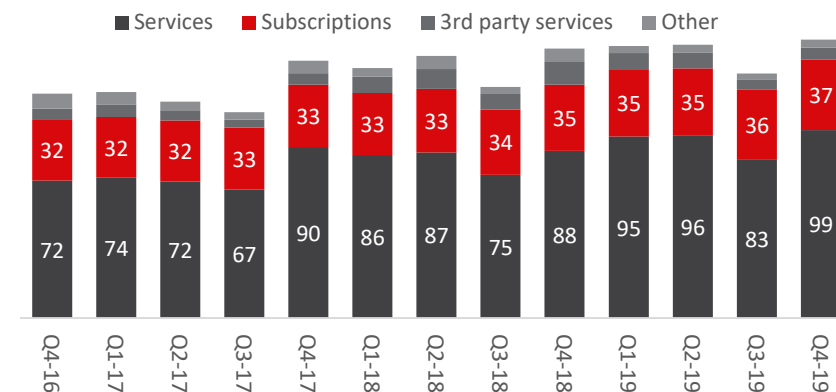
REVENUE SPLIT

Revenue increased by 3% y-o-y

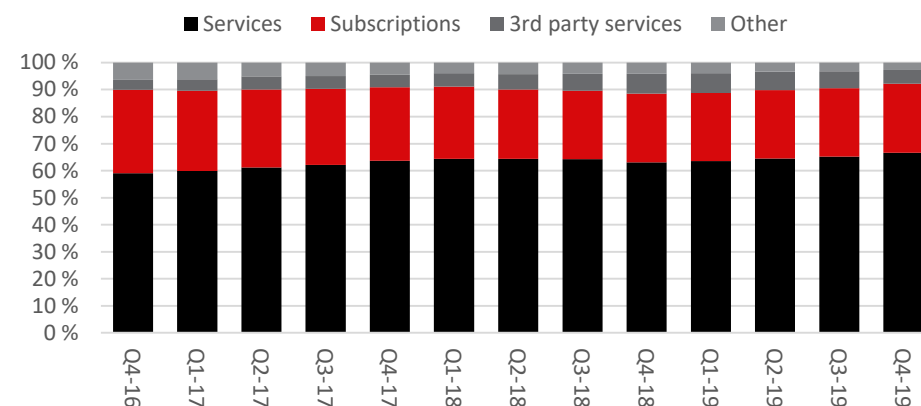
- Service revenues from own consultants increased by 13% to NOK 99 million
- Subscription revenue increased by 7% to NOK 37 million
- 3rd party service revenue decreased by 49% to NOK 6 million
- Other revenue, incl. HW/SW sales, decreased by 40% to NOK 4 million as Itera closed its web shop towards end of Q1 2019

Revenue split (quarterly figures)

NOK Million



Revenue percentage split (rolling 12 months)

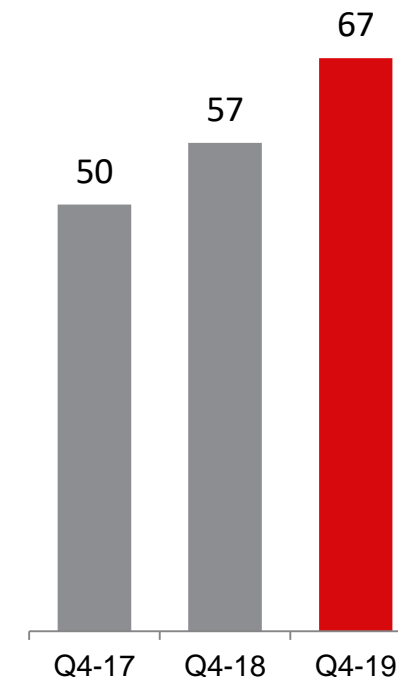


STATEMENT OF CASH FLOW

NOK Million	2019 10-12	2018 10-12	2019 1-12	2018 1-12
Cash flow from operations (EBITDA)	28.0	22.3	92.0	64.0
Change in balance sheet items	15.1	19.7	(12.0)	(7.1)
Net cash flow from operating activities	43.1	42.0	80.0	56.8
Net cash flow from investment activities	(5.7)	(4.9)	(18.8)	(20.7)
Purchase of own shares	-	-	(0.1)	(22.6)
Sale of shares	-	1.1	2.1	11.1
Instalment of lease liabilities	(5.5)	(2.5)	(20.8)	(8.7)
External dividend paid	(24.4)	-	(44.7)	(20.5)
Net cash flow from financing activities	(29.9)	(1.4)	(63.5)	(40.7)
Net change in bank deposits and cash	7.4	35.7	(2.2)	(4.6)
Bank deposits at the end of the period	53.1	55.3	53.1	55.3
New borrowing related to leasing	3.4	0.6	11.5	3.7

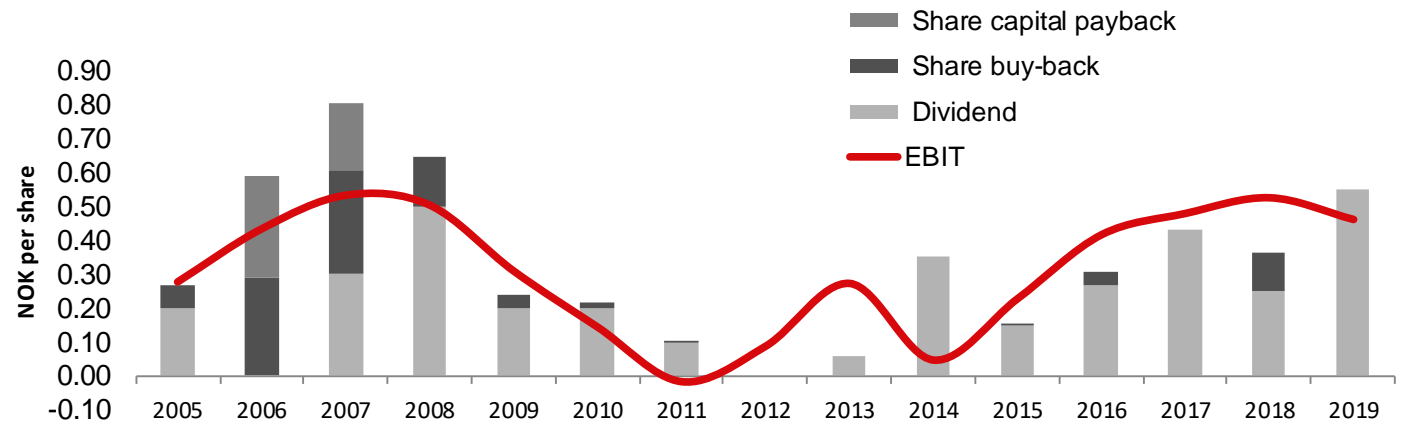
- Cash flow from operations NOK 43.1 (42.0) million in Q4
- Shift of NOK 3.4 million from cash flow from operations to financing activities due to IFRS 16
- 12 month rolling cash flow from operations was NOK 67 million, excluding the effect of IFRS 16

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



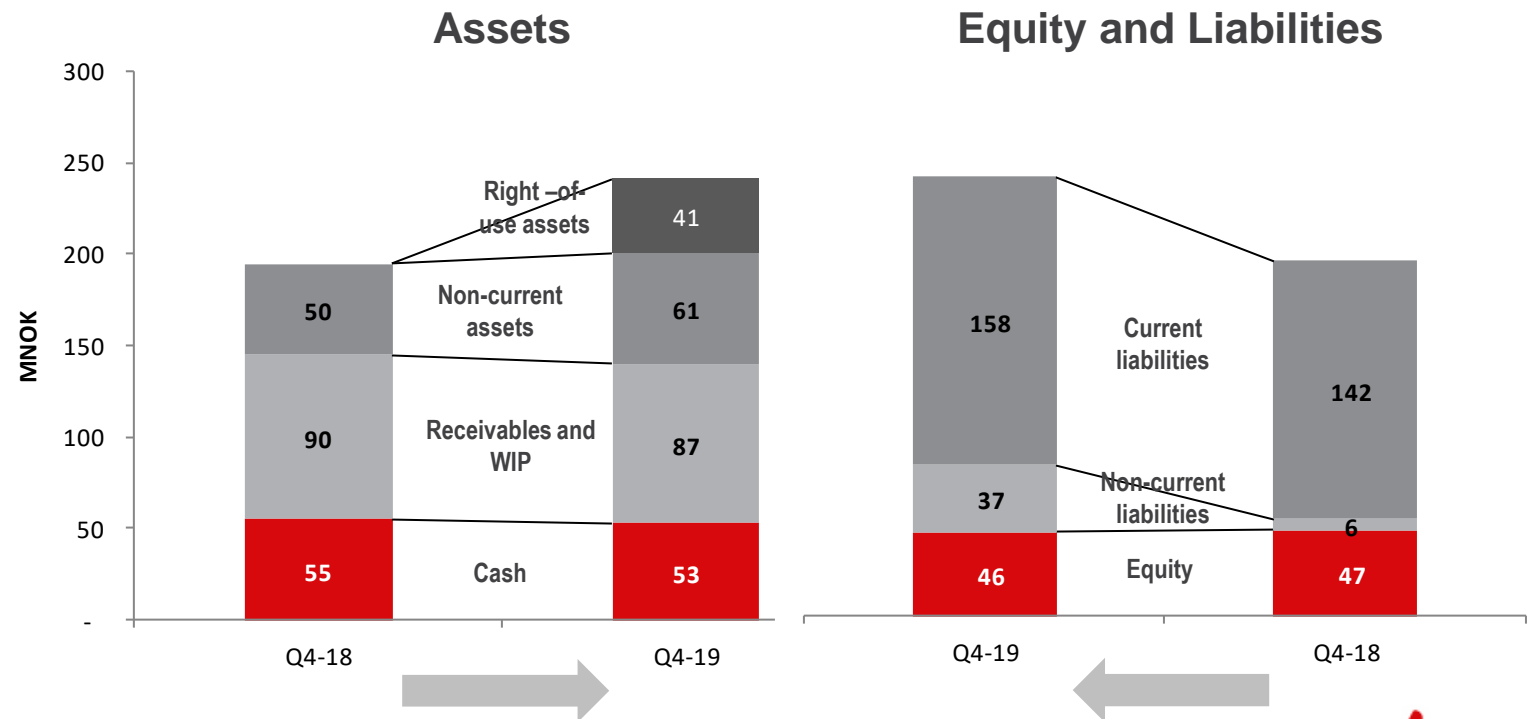
DIVIDENDS AND OWN SHARES

- The Board will propose an ordinary dividend of NOK 0.30 per share to be paid on 4 June 2020
- Share price was NOK 11.50 on 31 December 2019 vs NOK 8.50 the year before, representing a yield of 35% (42% incl. dividends)
- Current holding of own shares is 769,891 shares, unchanged as at end of Q3 2019
- Consistent high distribution of earnings



STATEMENT OF FINANCIAL POSITION

- Right-of-use assets of MNOK 45 introduced following adoption of IFRS 16 Leases with corresponding lease liability
- Equity ratio of 19% (24%) per 31 December
 - -3.9 points impact from IFRS 16
- Cash balance of MNOK 53 (MNOK 55)





OUTLOOK



OUTLOOK

- Attractive market with high demand for digitalisation 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.



Q&A SESSION

TOP 20 SHARE- HOLDERS

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	27.78	NOR	22 831 318
2	OP CAPITAL AS	5.40	NOR	4 438 357
3	EIKESTAD AS	4.84	NOR	3 975 000
4	GIP AS	4.58	NOR	3 767 295
5	DnB NOR Bank ASA	4.08	NOR	3 350 000
6	SEPTIM CONSULTING AS	3.49	NOR	2 865 000
7	BOINVESTERING AS	3.21	NOR	2 635 000
8	VEKST	2.81	NOR	2 306 896
9	GAMST INVEST AS	2.77	NOR	2 273 441
10	JØSYRA INVEST AS	2.68	NOR	2 200 000
11	MARXPIST INVEST AS	2.47	NOR	2 031 588
12	FRAMAR INVEST AS	1.22	NOR	1 000 000
13	AANESTAD PANAGRI AS	1.10	NOR	900 000
14	ITERA ASA	0.94	NOR	769 891
15	SÆTRANG	0.81	NOR	662 566
16	ALTEA PROPERTY DEVELOPMENT AS	0.80	NOR	660 377
17	NYVANG	0.80	NOR	655 000
18	HØGBERG	0.78	NOR	640 166
19	JENSEN	0.77	DEN	634 800
20	SOBER KAPITAL AS	0.75	NOR	620 000
TOP 20		72.05		59 216 695

*Arne Mjøs Invest AS holds a future contract expiring 20 March 2020 on 3,350,000 shares at an average price of NOK 9.1907 per share. The total controlling interest of Arne Mjøs is thus 26,181,318 shares (31.9%).

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itera
MAKE A DIFFERENCE