

NNIT first three months 2016

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The NNIT Presenting Team



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Agenda

Highlights for first three months of 2016

Sales and backlog

Financial performance

Outlook for 2016

Forward looking statements

This presentation contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth. Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

First three months of 2016 at a glance

Revenue

DKK 663m

+7.7%

+7.7% organic*

Operating profit

DKK 70m

+10.2%

+7.9% organic*

Operating profit margin

10.5%

+0.2pp

+0.0pp organic*

Net profits

DKK 51m

-11.8%

Order backlog

DKK 2,275m

+6.4%

Free cash flow

DKK 131m

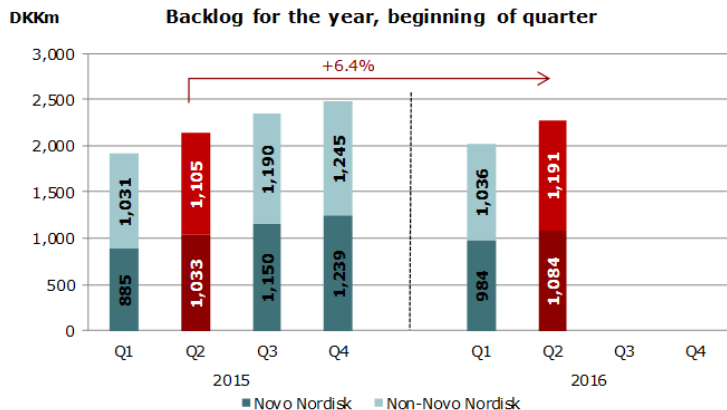
+DKK 97m

*Organic is growth in constant currencies using Q1 2015 average exchange rates

Major wins

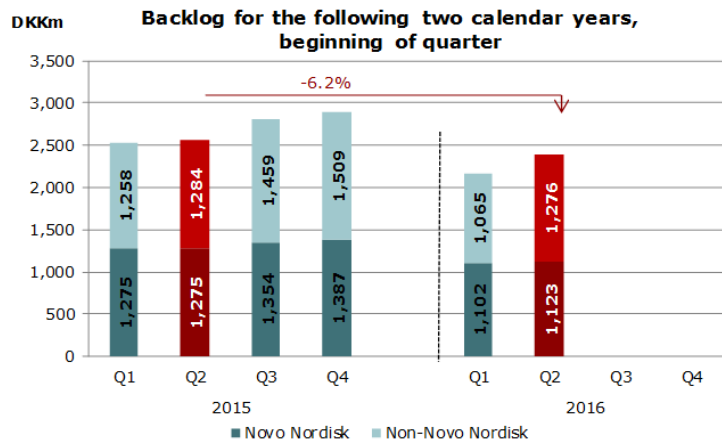
	Contract	Segment	Client	Amount (DKK million)	Length (years)
Q1 2016	Extension of infrastructure outsourcing contract	Public	DSB	Minor-three-digit	2
	Housing and operation of supercomputer	Enterprise	Existing	Medium-double-digit	5
	Implementing SAP track and trace	Life sciences	Existing	Minor-double-digit	< 1
	Network infrastructure project	Life sciences	Novo Nordisk	Minor-double-digit	< 1
	Expansion and extension of contract regarding quality activities	Life sciences international	Existing	Minor-double-digit	< 1
	Roll-out of SAP HR to China/ Hong Kong and extension of TMLS cloud offering	Life sciences	Existing	Minor-double-digit	< 1/3
Q2 2016 Not in Q1 backlog	Outsourcing agreement	Non-life sciences	New	Medium-three-digit	5
	Data center capacity	Finance	Danske Bank	Medium-three-digit	10
	Application and infrastructure outsourcing	Enterprise	New	Medium-double-digit	5
	Operation and development contract	Life sciences	New	Medium-double-digit	4

Backlog development



Backlog for 2016 is DKK 2,275m, which is an increase of 6.4% compared to the start of 2015:

- Expansion of contracts with existing customers in the enterprise and finance customer groups
- New customers in the finance customer group
- Extension and expansion of infrastructure and support contracts with the Novo Nordisk Group
- Partly countered by a lower backlog within the public customer group



The backlog for 2017 and 2018 decreased 6.2% y-o-y to DKK 2,399m compared to a negative growth of 14.5% at the beginning of 2016

- DSB prolonged 2 years
- Still have outsourcing contracts expiring in 2017 and 2018 but not yet renegotiated
- Note the orders signed after 31 March are not part of the reported backlog

Data center

- NNIT initiates the planning of building a new data center due to client demand
- Signing the recent two large contracts fills up our current data center and in order to continue our growth we need a new data center together with our current data center and the leased third-party facility
- The new data center will be Tier III and will, once build out, have a size similar to our current data center. The actual size of the data center will impact the total investment level but the total investment level is not expected to exceed DKK 250m over the three-year-period.
- The planning has been initiated and we expect the data center to be completed and ready for use in Q1 2018
- NNIT has acquired land in Ejby near Copenhagen for this purpose
- Depreciation will be:
 - Hardware and network equipment: 3-5 years
 - Installations: 8-12 years
 - Building: 50 years



Financial statement

DKK million	Q1 2016	Q1 2015	Change
Revenue	662.6	615.3	7.7%
Cost of goods sold	532.1	494.5	7.6%
Gross profit	130.5	120.8	8.0%
<i>Gross profit margin</i>	<i>19.7%</i>	<i>19.6%</i>	<i>0.1pp</i>
Sales and marketing costs	32.9	29.9	10.1%
Administrative expenses	27.7	27.6	0.6%
Operating profit	69.8	63.3	10.2%
<i>Operating profit margin</i>	<i>10.5%</i>	<i>10.3%</i>	<i>0.2pp</i>
Net financials	-4.3	10.2	n.a.
Profit before tax	65.5	73.6	-10.9%
Tax	14.2	15.4	-7.8%
<i>Effective tax rate</i>	<i>21.7%</i>	<i>21.0%</i>	<i>0.7pp</i>
Net profit	51.3	58.1	-11.8%

Organic revenue growth of 7.7%

Sales and marketing costs increase by 10.1% impacted by one-off charges related to the restructuring of the sales organization as communicated at Q4 2015

Operating profit margin of 10.5%

Net financials negatively impacted by:

- Losses on cash flow hedges and a negative net value adjustment of Novo Nordisk shares and long-term incentive program liability for previous years

Effective tax rate of 21.7% due to the Danish Corporate tax rate of 22%

Net Profit declined 11.8% as a result of net financials

Segment development

DKKm	Q1 2016	Q1 2015	Change
Life Sciences	392.6	378.2	3.8%
<i>Hereof Novo Nordisk Group</i>	310.7	296.6	4.8%
<i>Hereof other Life Sciences</i>	81.8	81.6	0.3%
Enterprise	109.6	90.4	21.2%
Public	100.7	101.1	-0.4%
Finance	59.8	45.6	31.1%
Total	662.6	615.3	7.7%

Novo Nordisk revenue increased by 4.8%

Life sciences revenue outside Novo Nordisk only grew by 0.3%. A number of new contracts and customers increased revenue. However, this was countered by the finalization of certain non-recurring projects at both Danish and international customers

Enterprise revenue grew by 21% driven by existing customers.

Public revenue decreased slightly due to lower activity around a few outsourcing contracts

Finance revenue increased 31% due to expansion of existing contracts as well as winning new customers such as E-nettet and the insurance companies 'Købstædernes Forsikring and Popermo Forsikring'

IT Operations

DKK million	Q1 2016	Q1 2015	Change
Revenue			
Novo Nordisk Group	212.6	196.6	8.1%
Non-Novo Nordisk Group	226.0	210.9	7.1%
Total	438.6	407.6	7.6%
Costs	385.7	367.3	5.0%
Operating profit	53.0	40.3	31.4%
<i>Operating profit margin</i>	<i>12.1%</i>	<i>9.9%</i>	<i>2.2pp</i>

Revenue growth of 8.1% driven by

- Novo Nordisk Group
- Some of the large outsourcing customers primarily within the enterprise segment

Operating profit margins increase 2.2pp to 12.1% due to

- Revenue growth
- Efficiency measures implemented in 2015 are showing the expected positive impact on operating profits

We are progressing as planned with the Operational Excellence Program

- Diagnostics and benchmarking is undergoing and expected to be completed by Q2
- We still expect the operational excellence program and related costs to be operating profit neutral in 2016

IT Solutions

DKK million	Q1 2016	Q1 2015	Change
Revenue			
Novo Nordisk Group	98.1	100.0	-1.9%
Non-Novo Nordisk Group	125.9	107.8	16.8%
Total	224.0	207.8	7.8%
Costs	207.1	184.7	12.1%
Operating profit	16.8	23.0	-26.9%
<i>Operating profit margin</i>	<i>7.5%</i>	<i>11.1%</i>	<i>-3.6pp</i>

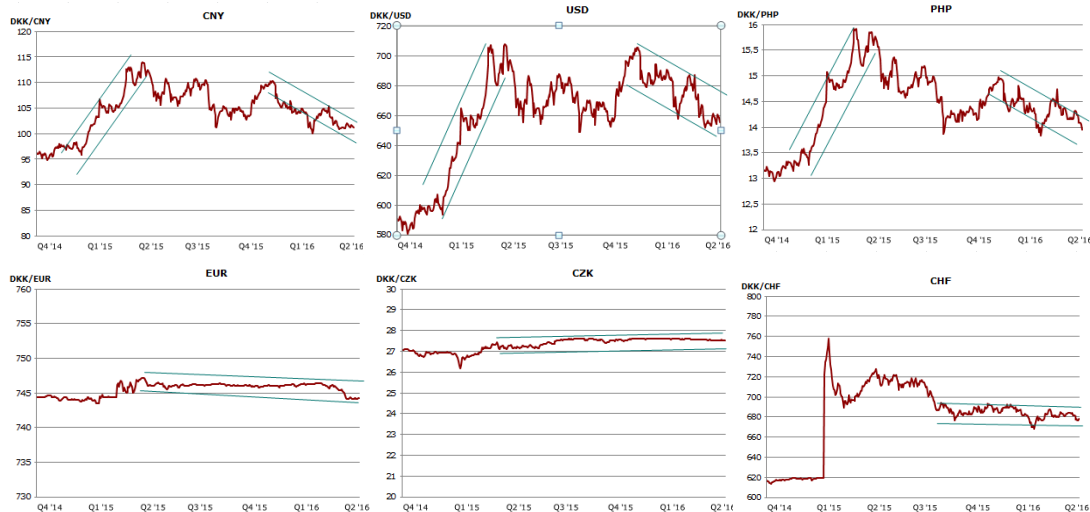
Revenue growth of 7.8%

- The revenue increase in Q1 2016 was mainly due to increase in the finance and public customer groups related to new customers
- Revenue from the Novo Nordisk Group decreased due to a strong comparison base in 2015 with non-recurring projects being finalized
- Furthermore, Q1 2016 was impacted by the Easter holiday, which in 2015 was in Q2 (April). Easter impacts the revenue growth with around 3pp

Operating profit margins decreased 3.6pp to 7.5%

- Increased complexity of a fixed price project in the public customer group resulted in a provision for loss
- Impact of the Easter holiday in March

Currency development and hedging



Currencies that NNIT is exposed to have lately fallen into two categories:

- CNY, USD, PHP have all been depreciating vs. the DKK
- EUR, CZK, CHF have all been rather flat vs. the DKK

We thus see a less dramatic currency impact on NNIT compared to one year ago

And we see currency tailwind most notably from the CNY

As of April 2016 we have stopped hedging the PHP with the USD as a proxy due to the natural hedge from the USD exposure

Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*

Hedging period (months)

CNY	DKK - 20 million	14
EUR	DKK 19 million	-
CZK	DKK - 7 million	14
PHP	DKK - 4 million	14
USD	DKK 3 million	-
CHF	DKK - 2 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net

*The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume our business develops consistent with our current 2016 business plan.

Net Financials

Net financials DKKm	Q1 2016	Q1 2015	Change
Net gains on Novo Nordisk shares*	-2.2	6.6	-8.8
Dividends received from Novo Nordisk shares	0.5	0.7	-0.2
Total Novo Nordisk share related items	-1.7	7.3	-9.0
Currency hedge gains	-1.7	4.3	-6.0
Currency losses	-0.3	-0.8	0.4
Total currency related items	-2.0	3.6	-5.6
Interests and bank charges**	-0.6	-0.6	0.1
Total interests and bank charges	-0.6	-0.6	0.1
Net financials	-4.3	10.2	-14.5

* Market value of Novo Nordisk shares less adjustment of obligation related to long-term incentive programs from previous years.

** Includes fees to banks in relation to being a public listed company

Total Currency hedges DKKm	Q1 2016	Q1 2015	Change
Currency hedge gains in P&L	-1.7	4.3	-6.0
Currency hedge gains on Equity	-5.4	7.2	-12.6
Total currency hedge gains	-7.1	11.5	-18.6

Net Financial impact from Novo Nordisk share price DKKm	Market value	Obligation	Net
Q1 2016 (share price of DKK 355)	-3.6	1.4	-2.2
Full year 2016 (if share price stays at DKK 355)	-3.6	-0.6	-4.2
Full year 2016 (if the share price increase by 10%)	-0.8	-2.8	-3.6
Full year 2016 (if the share price decrease by 10%)	-6.3	0.7	-5.6

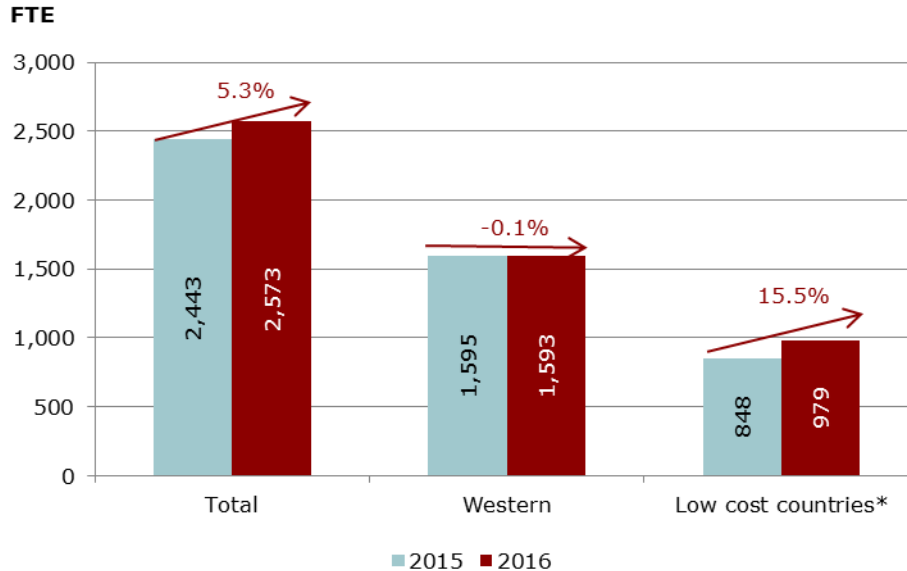
Net financials for Q1 2016 are DKK -4.3m which is DKK 14.5m lower than Q1 2015 due to:

Net losses on Novo Nordisk shares held for management long-term incentive program of DKK 1.7m vs. a gain of DKK 7.3m in Q1 2015

Losses on currency hedges of DKK 1.7m compared to a gain of DKK 4.3m in Q1 2015

Interest and bank charges of DKK -0.6m in-line with Q1 2015

Employee development



*Low cost countries: China, Philippines, Czech Republic

Number of employees increased by 5.3% to 2,573 FTE end of March 2016

Growth came in low cost countries

- Increase of 132 FTE (15.5%) compared to end of March 2015

Number of employees in western countries declined 2 FTE (-0.1%) based on demand from customers and our offshoring strategy

Share of employees in low cost countries grew to 38% end of March 2016

- Increase of 3 percentage-points compared to March 2015

Balance sheet

Assets DKKm	2016	2015
Intangible assets	25.6	33.5
Tangible assets	404.5	426.0
Deferred tax	51.1	24.1
Other financial assets	28.4	28.3
Total non-current assets	509.6	512.0
Inventories	2.4	1.7
Trade receivables	331.1	320.4
Work in progress	105.2	159.1
Other receivables and pre-payments	99.1	92.5
Tax receivables	0.0	0.0
Shares	27.1	49.9
Derivative financial instruments	0.4	8.0
Cash and cash equivalents	165.4	29.9
Total non-current assets	730.7	661.5
Total assets	1,240.3	1,173.4

Equity and liabilities DKKm	2016	2015
Share capital	250.0	250.0
Treasury shares	-7.5	-7.5
Retained earnings	452.1	321.1
Other reserves	4.0	15.6
Proposed dividends	0.0	0.0
Total equity	698.6	579.2
Deferred tax	0.0	1.7
Employee benefit obligation	27.3	25.2
Provisions	9.1	6.8
Total non-current liabilities	36.4	33.7
Prepayments received	90.5	55.6
Trade payables	50.5	100.7
Employee cost payable	220.2	214.2
Bank debt	0.0	74.9
Tax payables	1.1	11.5
Other current liabilities	112.3	77.8
Derivative financial instruments	6.6	0.0
Employee benefit obligation	9.1	17.9
Provisions	14.9	7.9
Total current liabilities	505.3	560.5
Total equity and liabilities	1,240.3	1,173.4

Cash flows

Cash flow DKKm	Q1 2016	Q1 2015
Net profit for the period	51.3	58.1
Reversal of non-cash items	67.3	50.7
Net interest and taxes paid	-32.0	-14.2
Changes in working capital	90.1	-7.2
Cash flow from operating activities	176.7	87.3
Purchase of tangible assets	-37.1	-56.5
Change in trade payables related to investments	-8.8	9.3
Dividends received	0.5	0.7
Purchase of shares	0.0	0.0
Payment of deposits	0.0	-6.1
Cash flow from investing activities	-45.4	-52.5
Dividends paid	-97.0	-83.7
Purchase of treasury shares	0.0	-93.8
Cash flow from financing activities	-97.0	-177.5
Net cash flow	34.3	-142.7
Free cash flow	131.3	34.8

Cash flow from operating activities is DKK 177m, which is DKK 89m higher than Q1 2015 driven by a positive change in working capital.

Cash flow from investing activities is DKK -45m compared to DKK -53m in Q1 2015 due to lower investments.

Cash flow from financing activities improved DKK 81m due to we acquired treasury shares of DKK 94m in Q1 2015.

Free cash flow was DKK 131m, which is DKK 97m higher than Q1 2015.

Net cash flow is DKK 34m, which is DKK 177m higher than Q1 2015.

Outlook

	2016	Previous guidance
Revenue growth	5-8% in constant currencies Around 0.3pp lower in reported currencies	At least 5% in constant currencies Around 0.0pp lower in reported currencies
Operating margin	10-11% in constant currencies Around 0.6pp higher in reported currencies	10-11% in constant currencies Around 0.3pp higher in reported currencies
Capex	7-8% of revenue (incl. up to 2% investment in new data center) NNIT expects total data center investments of around DKK 250m in 2016-2018	5-6% of revenue

Closing remarks

- Continued solid overall results
- Robust operating profit margins
- Based on a strong cash flow NNIT expects to pay out interim dividend
- Temporary dip in life sciences growth, but we expect to meet guidance
- Major contract wins and extensions
- Build of new datacenter due to major client wins
- Outlook of 5-8% revenue growth and 10-11% operating profit margin with a higher investment level due to build of a new data center

Investor contact information

Upcoming events

August 16, 2016: Financial statement for the first six months of 2016

October 26, 2016: Financial statement for the first nine months of 2016

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