



# Acquisition of Halfmann Goetsch Partner AG (HGP)

April 24, 2019

# The NNIT Presenting Team



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# Forward looking statements

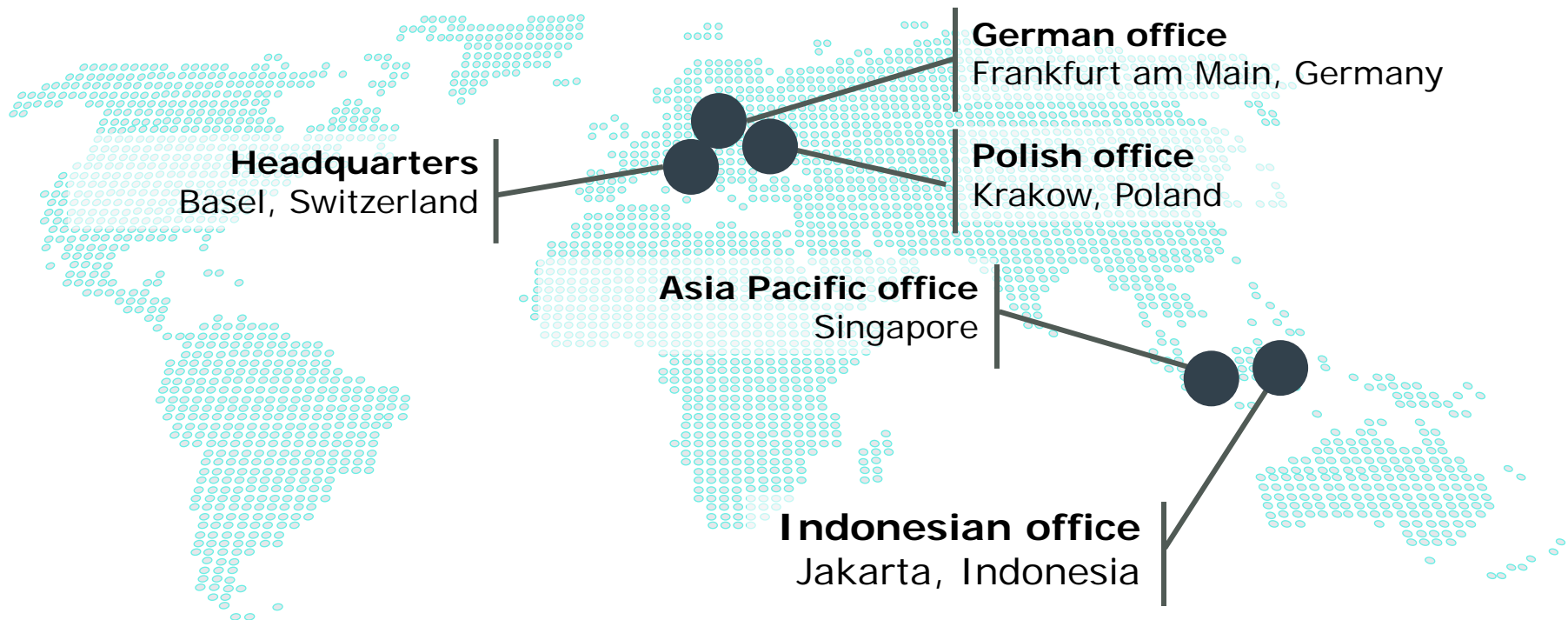
This presentation contains forward-looking statements. Words such as ‘believe’, ‘expect’, ‘may’, ‘will’, ‘plan’, ‘strategy’, ‘prospect’, ‘foresee’, ‘estimate’, ‘project’, ‘anticipate’, ‘can’, ‘intend’, ‘outlook’, ‘guidance’, ‘target’ and other words and terms of similar meaning in connection with any 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.

# Acquisition of HGP

- As communicated in the updated strategy NNIT is open to bolt on acquisitions in order to scale and accelerate the growth of our international Life Sciences business
- HGP is a highly specialized service provider for IT compliance and quality management to the life sciences industry (Information Risk Management, Computer System Validation (CSV), Manufacturing Execution Systems (MES) Implementation, Data Privacy (GDPR), Data Integrity, Good Manufacturing Practices, Track & Trace and Audit Readiness)
- In 2018 HGP revenue was CHF 8.6m with a normalized operating profit margin of 13.7%
- HGP will be integrated in NNIT before the end of 2019, and management will continue in the leadership of the European life sciences business
- NNIT pays up-front payment of CHF 8.55m and a target earn-out payment of CHF 2.85m over three years corresponding to a normalized 2018 EBIT multiple of 9.7x

## HGP is present in major life sciences hubs



70+ employees

# Transaction overview

## Transaction details

- An upfront payment of CHF 8.55m paid in cash
- An earn-out target of CHF 2.85m (100% target realization) with an earn-out range of 0-135% of target depending on performance in gross profit for the combined operation of HGP and NNIT Life Sciences Europe
- Earn-out period is April 2019 to March 2022 and is paid in cash
- April 24, 2019 HGP will be a part of the NNIT Group and will during 2019 be fully merged into NNIT
- Management will continue in the leadership of the European life sciences business
- The acquisition is expected to increase NNIT's 2019 full year revenue growth by around 1.25 percentage points and is expected to have a neutral impact on NNIT's operating profit margin
- The acquisition is financed through NNIT's operating cash flows and existing credit facilities.

## Organization

- HGP has three main offices. In Basel, Frankfurt and Singapore
- The offices in Basel and Frankfurt will be merged with NNIT's offices in Switzerland and Germany, with continued locations in Basel and Frankfurt.
- HGP will be part of NNIT's Life Sciences business unit

## Synergies

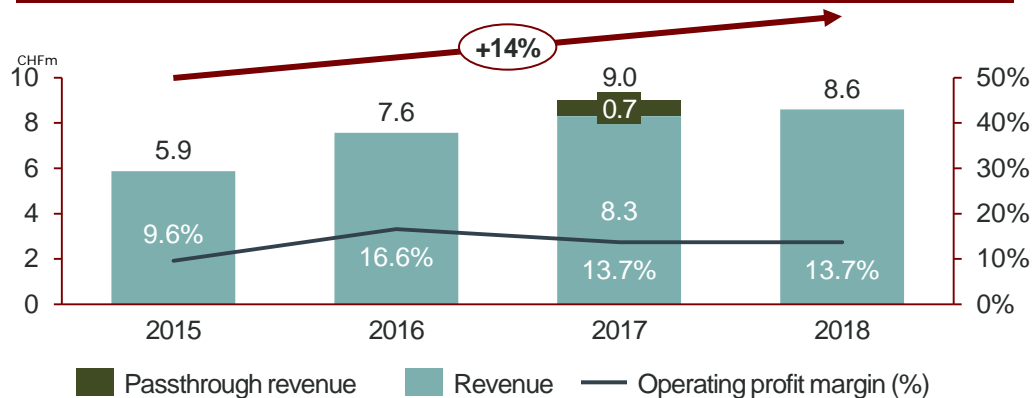
- Sales of HGP services to NNIT clients, also outside the European market
- Revenue from NNIT services to HGP clients
- Cost synergies by merging offices

# We are acquiring HGP to further boost international life sciences

## Business overview

- Swiss-based consultancy business, Halfmann Goetsch Partner established in 2008
- Employs 70+ experts with extensive experience in the life sciences industry
- Highly specialized offerings include Information Risk Management, Computer System Validation (CSV), Manufacturing Execution Systems (MES), Data Privacy (GDPR), Data Integrity, Good Manufacturing Practices, Track & Trace and Audit Readiness
- Flexible and scalable consultancy base including top subject matter experts from across the international life sciences IT arena

## Financials\*



## Selected clients



# How does the transaction create value?

- **Strengthens** NNIT's presence across a global pharma and biotech **client portfolio**
- **Enhances** our joint ability to provide **end-to-end life sciences** transformational **IT services**
- Leverages **synergies** benefitting both HGP and NNIT
- Increases access to **additional** life sciences **companies**
- Strategic fit strengthening NNIT's presence in the European life sciences hubs and cultural fit as employees share a deep understanding of IT compliance and regulatory requirements for life sciences companies

## Industry Associations Contributions

### ISPE and GAMP

- HGP consultants have conducted validation projects according to GAMP (VMAN II) since 1993
- HGP consultants are active members of the international and regional IPSE and GAMP forums
- Members and contributors to several ISPE and GAMP Special Interest Groups (SIG)

### Pharma MES (MES & Process Minds)

- Member of the Advisory Board, Conference Chair

### OPEN-SCS (Serialization Communications Standard) Workgroup (OPC Foundation)

- Membership, Operations Director

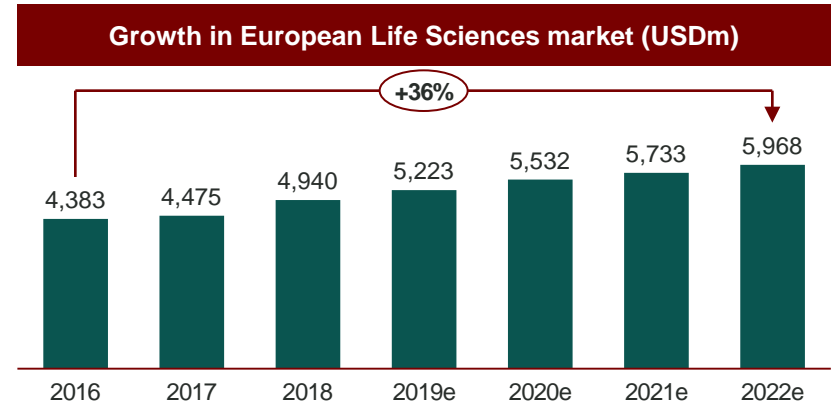
### PDA (Parental Drug Association)

- Treasurer (PDA Singapore Chapter)
- Member of the Organization Committee for the PDA Conference Singapore



# The European Life Sciences IT markets

- Life sciences companies have traditionally been slow to adopt digital transformation, but are expected to accelerate with an increased focus on digitization in Regulatory Affairs, Clinical Development, Quality Management and Pharmaceutical Production
- Customers require subject matter expertise and local presence.
- Increased regulation demands standardisation of data to improve patient safety and customers want better data access



- The European life sciences consultancy market is expected to grow over 7% annually, while the implementation, cloud and managed services market is expected to grow by about 4% annually

Source: Gartner, NNIT

# Outlook

	2019	Previous guidance
Revenue growth*	Constant currencies: <b>3-6%</b> Reported currencies: 0.6pp higher	Constant currencies: 3-6% Reported currencies: 0.3pp higher
Operating margin	Constant currencies: <b>10-10.5%</b> Reported currencies: 0.4pp lower	Constant currencies: 10-10.5% Reported currencies: 0.1pp lower
Capex	Share of revenue: <b>5-7%<sup>1</sup></b>	Share of revenue: <b>5-7%<sup>1</sup></b>

<sup>1</sup>Please note that the acquisition of HGP is not included as part of our investments / revenue guidance.

# Investor contact information

## Upcoming events

### May 14, 2019:

- Interim report for the first three months of 2019

### August 14, 2019:

- Interim report for the first six months of 2019

### October 24, 2019:

- Interim report for the first nine months of 2019

## Investor contact



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