

Danske Bank Winter Seminar 2017

h h h h

Leveraging Our Compliance DNA Drives Diversification

Our Core



**Life
Sciences**

**DKK 1,597m
(58%)**

Leveraging Our Compliance DNA



Public

**DKK 385m
(14%)**



Finance

**DKK 237m
(9%)**



Enterprise

**DKK 546m
(20%)**

**DKK 941m
(34%)**

IT Solutions Services:

Advisory services, business solutions and application management

**DKK 1,824m
(66%)**

IT Operations Services:

Infrastructure outsourcing and related consulting, support services

See Note ⁽¹⁾



Lundbeck



GILEAD



DANISH CROWN



novo nordisk®

Lonza

SKAT

Danske Bank

AstraZeneca



Danmarks Apotekerforening



PFA
PENSION

PANDORA

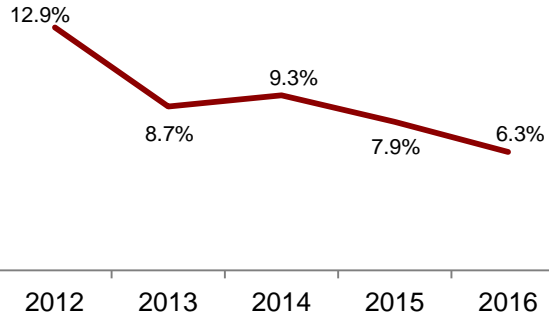
Vestas

Revenue 2016
(contribution to total - %)

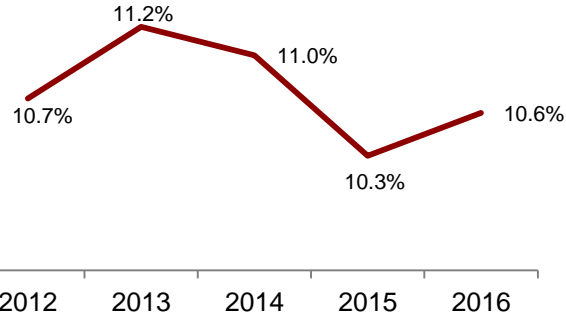
Note
1. Selection of current NNIT customers, as of December 2017

..the history

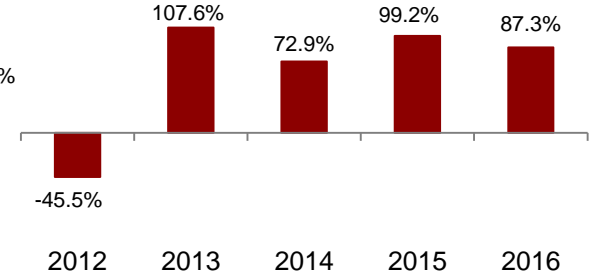
Revenue growth



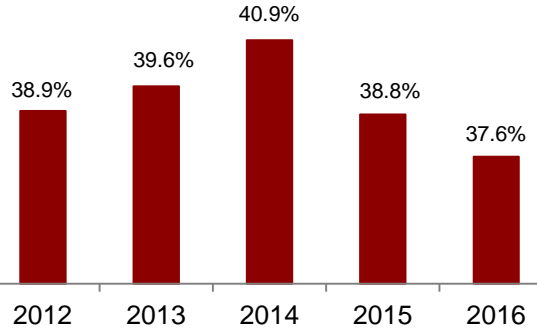
Operating profit margin



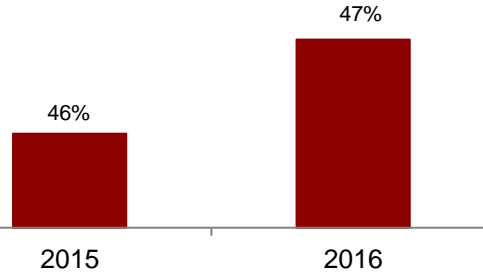
Cash to earnings



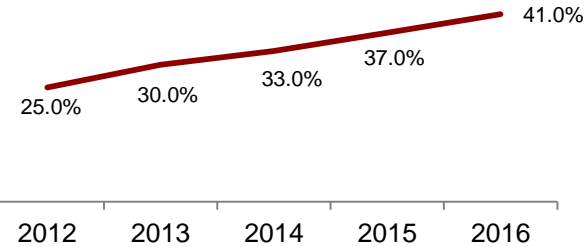
ROIC



Pay out ratio



Sourcing ratio



2020 Strategy



Maintain vision/culture and enhance Human Capital: 2nd most attractive IT employer in Denmark*

Cost efficiency efforts: Operational excellence, sourcing destinations, staff efficiencies

Highest possible customer satisfaction: Proximity, customer intimacy

*Ingeniøren, Version 2: IT Company rank, November 2017

Leading Market Share in Danish IT Services Market

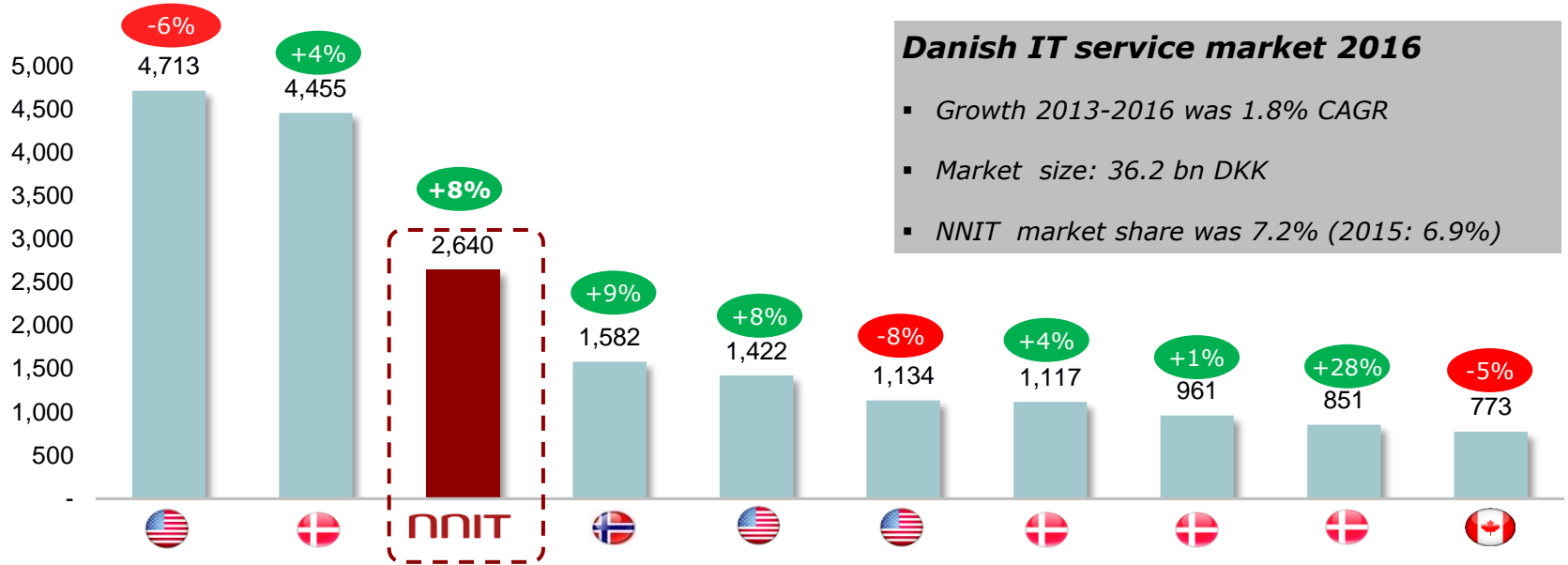
2016 Data

Danish IT Services Market Development vs. NNIT

Danish IT Services Market (2016 Revenue ⁽¹⁾)

DKKm

+x% 2013-2016 CAGR



Danish IT service market 2016











- Growth 2013-2016 was 1.8% CAGR
- Market size: 36.2 bn DKK
- NNIT market share was 7.2% (2015: 6.9%)

Source: IDC Nordic IT Services 2016 Vendor Shares and company financial reports

Note
1. Based on IDC's estimates of Danish operations for these 10 competitors, may differ from reported numbers in companies' filings



Market situation for our segments

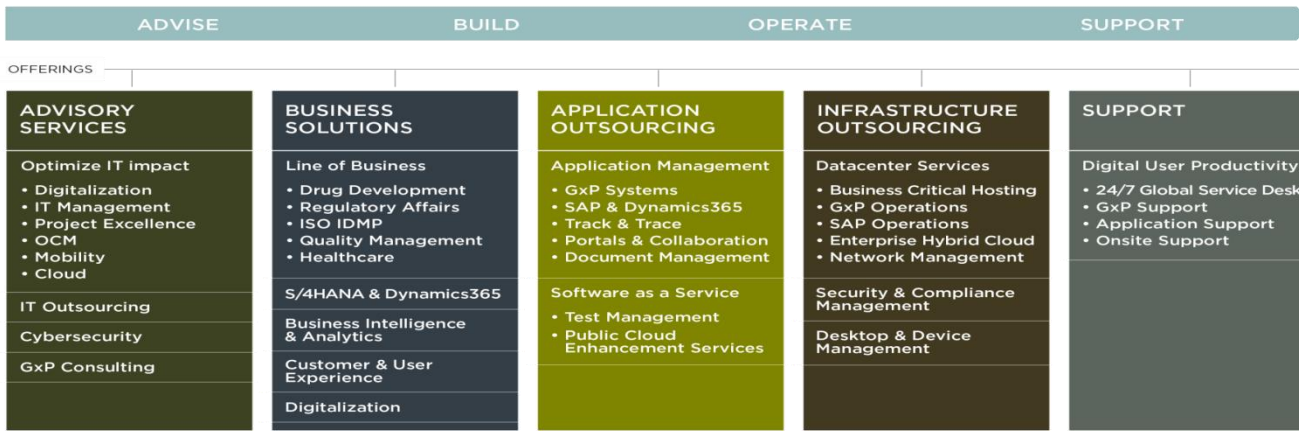
	Market size 2016E:	Market size 2021E:	CAGR:	NNIT est. market share:	Comments:
	2.4-2.5bn			 ~50%	Uncertainty
	13.0bn	15.1bn	3.0%	 4.2%	See further opportunities for larger outsourcing contracts, following Danish clients internationally as well as Scales growth
	6.7bn	8.1bn	3.5%	 3.5%	Regulatory driven access, opportunities to grow accounts
	13.0bn	14.6bn	2.0%	 3.0%	Rigid T&C, highly competitive pricing environment. NNIT will act with caution
International					
	66.5bn	84.9bn	5.0%	 0.5%	Focused offerings, differentiate on tier 1 and tier 2 pharma companies, geographical focus

Source: Gartner (2017), Novo Nordisk data is from IPO (2014), NNIT estimates

...things we do

STRATEGIC INDUSTRIES

LIFE SCIENCES | PUBLIC | FINANCE | ENTERPRISE



EU General Data Protection Regulation

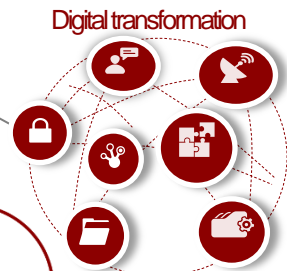


Life sciences

Application Outsourcing,
GxP Operations,
Clinical Development,
IDMP, CaaS, Serialization.



Advisory Services	Advisory Services
Implementation	Implementation
Application outsourcing	Application outsourcing
Infrastructure outsourcing	Infrastructure outsourcing
Offshore delivery	



Full stack provider

...the preferred IT outsourcing partner for companies of Danish origin



International life sciences strategy



Historic growth has been organic.
In future acceleration through M&A could be an option if right candidate is identified.

Pharma tier 1

Big pharma

Regulatory driven focused offerings

Tower based outsourcing

Expert knowledge
13 accounts

Pharma tier 2

~3,000-10,000 employees

Regulatory driven focused offerings

Full application outsourcing and infrastructure outsourcing

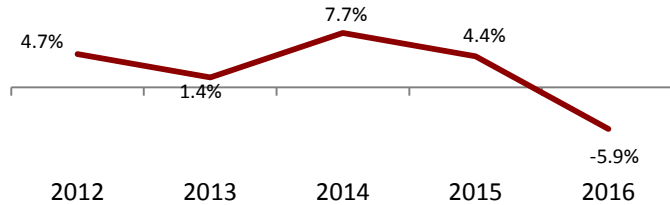
Scale fit
14 accounts

Accounts are excl. China and Biotech

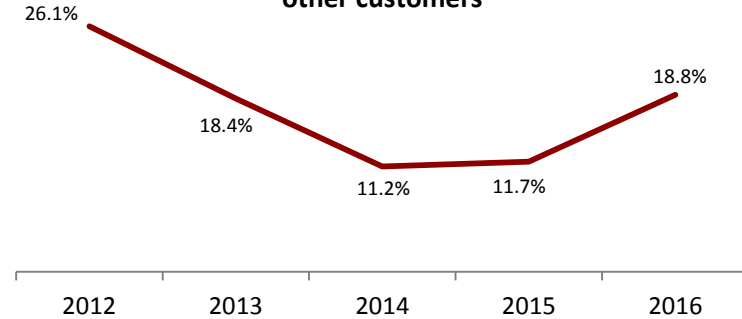
Revenue development, Novo Nordisk and Other customers



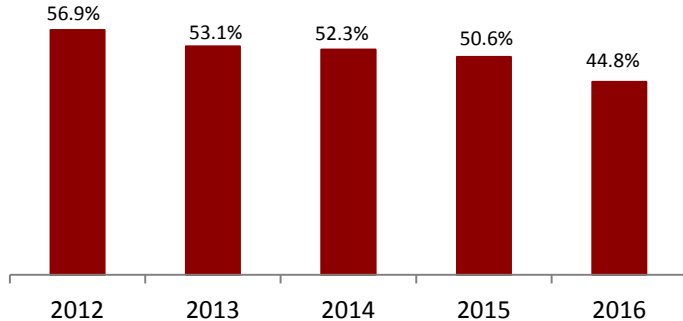
Revenue development, Novo Nordisk



Revenue development, other customers







Novo Nordisk, share of revenue



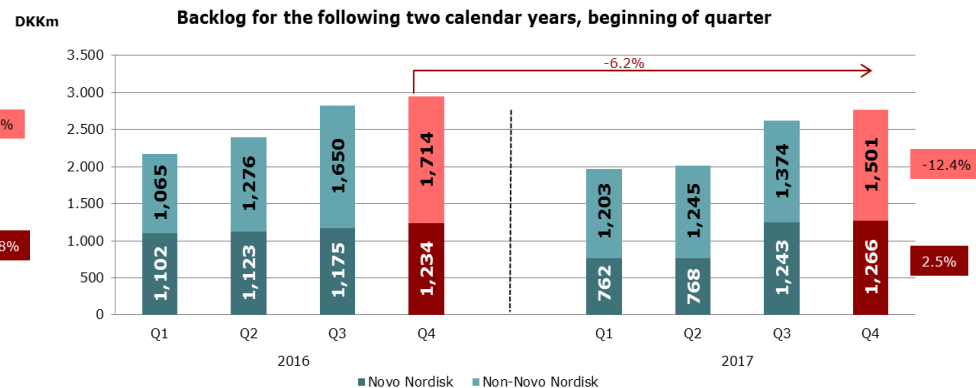
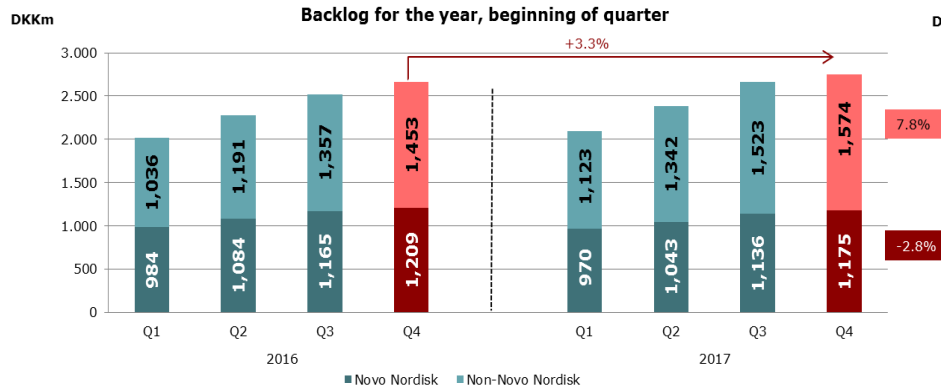
Financial statement 9M 2017

	9M 2017	9M 2016	Change	Settlement impact
DKK million				
Revenue	2,079.7	1,995.7	4.2%	-1.7pp
Cost of goods sold	1,731.0	1,616.6	7.1%	0pp
Gross profit	348.6	379.1	-8.0%	-8.7pp
<i>Gross profit margin</i>	16.8%	19.0%	-2.2pp	-1.2pp
Sales and marketing costs	99.6	98.1	1.6%	0pp
Administrative expenses	85.4	84.9	0.6%	0pp
Operating profit	163.6	196.1	-16.6%	-16.8pp
<i>Operating profit margin</i>	7.9%	9.8%	-2pp	-1.4pp
Net financials	0.8	-10.5	-107.8%	n.a.
Profit before tax	164.4	185.6	-11.4%	-17.8pp
Tax	34.3	42.1	-18.5%	-17.2pp
<i>Effective tax rate</i>	20.9%	22.7%	-1.8pp	-0.2pp
Net profit	130.1	143.5	-9.3%	-17.9pp

Segment development

	DKKm	9M 2017	9M 2016	Change
 Life Sciences		1,165.5	1,165.9	0.0%
	<i>Hereof Novo Nordisk</i>	882.2	909.7	-3.0%
	<i>Hereof other Life Sciences</i>	283.3	256.1	10.6%
 Enterprise		496.2	375.2	32.3%
 Public		231.3	281.8	-17.9%
 Finance		186.7	172.9	8.0%
	Total	2,079.7	1,995.7	4.2%

Backlog development



Backlog for 2017 is DKK 2,750m, which is an increase of 3.3% compared to same time in 2016:

- SCALES accounts for 1.9pp of the backlog growth
- The one-off settlement decreased the backlog with around 1.2pp.

The underlying organic growth is thus 2.6%

The backlog for 2018 and 2019 decreased 6.2% y-o-y to DKK 2,767m:

- Novo Nordisk backlog increased by 2.5% mainly due to renewal of the global infrastructure agreement
- Several large outsourcing contracts expire in 2018 and 2019 and are not yet renegotiated or retendered
- All renewals or replacements of these contracts will increase the backlog

Outlook

2017

Revenue growth

Constant currencies:	4-6%
Constant currencies (organic):	1-3%
Reported currencies:	0.2pp lower

Operating margin

Constant currencies:	Around 9%
Reported currencies:	0.3pp higher

Capex

Share of revenue:	15-17%
Share of revenue excl. SCALES:	12-14%
Relating to new data center:	7pp or around DKK 200m

2018

NNIT believes the long-term target of growing revenue by at least 5% is still achievable. However, continued low visibility in terms of sales of services to Novo Nordisk for 2018 makes it uncertain at this point of time whether NNIT will be able to meet this long-term target in 2018