

NNIT

First six months 2017

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The NNIT Presenting Team



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Agenda

Highlights for first six months 2017

Sales and backlog

Financial performance

Outlook for 2017

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 six months of 2017 at a glance

Revenue

DKK 1,404m

+6.3%

+5.3% organic*

+0.9% acquisition
+0.1% F/X

Operating profit

DKK 133m

+5.3%

+3.4% organic*

+0.5% acquisition
+1.4% F/X

Operating profit margin

9.5%

-0.1pp

-0.2pp organic*

+0.0pp acquisition
+0.1pp F/X

Net profit

DKK 103m

+11.7%

Order backlog

DKK 2,659m

+5.4%

Free cash flow

DKK -23m

DKK -122m

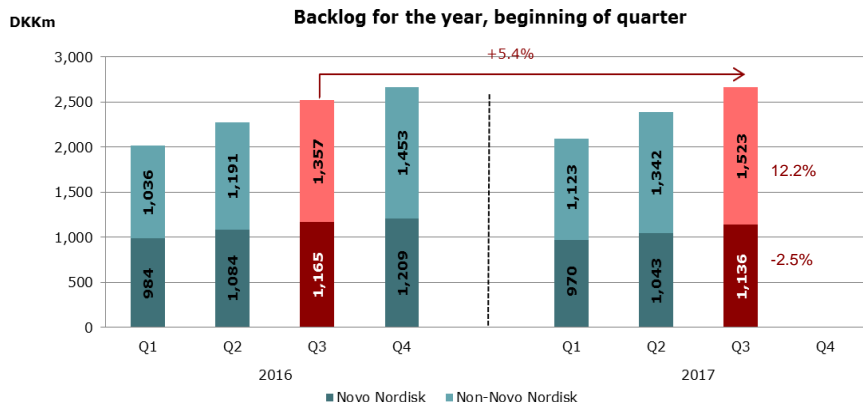
*Organic is growth net of acquisitions and F/X using 6M 2016 average exchange rates

Q2 2016 at a glance

Revenue DKK 689m	Operating profit DKK 60m	Operating profit margin 8.7%
+4.6%	+6.6%	+0.2pp
+2.7% organic*	+3.4% organic*	+0.1pp organic*
+1.8% acquisition +0.1% F/X	+1.1% acquisition +2.1% F/X	-0.1pp acquisition +0.2pp F/X
Net profit DKK 48m	Order backlog addition DKK 274m	Free cash flow DKK -165m
+15.3%	+11.3%	DKK -132m

*Organic is growth net of acquisitions and F/X using Q2 2016 average exchange rates

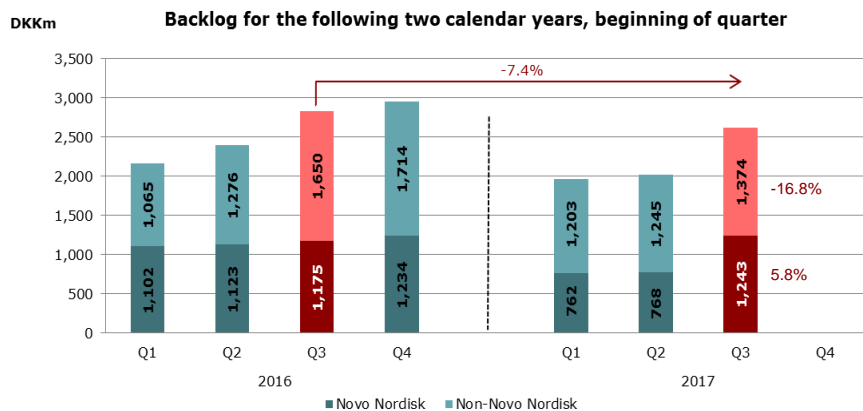
Backlog development



Backlog for 2017 is DKK 2,659m, which is an increase of 5.4% compared to same time in 2016. The acquisition of Scales accounts for 2.0pp of the backlog growth giving and organic backlog growth of 3.4%.

The organic backlog growth is driven by:

- New customers in the enterprise and life sciences customer groups
- Expansion of contracts with existing customers in the enterprise and life sciences customer groups
- Partly countered by a lower backlog with the Novo Nordisk Group



The backlog for 2018 and 2019 decreased 7.4% y-o-y to DKK 2,617m:

- Novo Nordisk backlog increase by 5.8% primarily due to the Global infrastructure agreement
- Several large outsourcing contracts expire in 2017 and 2018 and are not yet renegotiated or retendered
- All renewals or replacements of these contracts will increase the backlog

Major wins

	Contract	Segment	Client	Amount (DKK million)	Length (years)
Q2 2017	Global infrastructure agreement (Company announcement 4/2017 5 May)	Life sciences	Novo Nordisk	Around one billion	6
	International onsite support	Enterprise	Pandora	Mid-size double-digit	4
	Upgrade of regulatory document system	Life sciences	Novo Nordisk	Mid-size double-digit	5
Q3 2017	Infrastructure outsourcing	Life sciences	New customer	Mid-size double-digit	5

Life sciences

The revenue growth of 12% in 6M 2017 for life sciences outside Novo Nordisk is primarily driven by international customers

The primary growth within life sciences at the moment is within regulatory and compliance driven consulting services as well as application and infrastructure outsourcing, driven primarily by clients outside of Denmark.

Short-term, NNIT expects the same growth drivers within life sciences.

Regarding IDMP, the European Medicines Agency (EMA) has postponed deadlines for IDMP implementation by minimum 6 months. This is due to EMA's relocation from London following the Brexit.

As a result implementation projects and tenders will be delayed.

Financial statement

DKK million	Q2 2017	Q2 2016	Change	6M 2017	6M 2016	Change
Revenue	688.7	658.6	4.6%	1,404.0	1,321.3	6.3%
Cost of goods sold	567.0	540.7	4.9%	1,148.7	1,072.9	7.1%
Gross profit	121.7	117.9	3.2%	255.3	248.4	2.8%
<i>Gross profit margin</i>	<i>17.7%</i>	<i>17.9%</i>	<i>-0.2pp</i>	<i>18.2%</i>	<i>18.8%</i>	<i>-0.6pp</i>
Sales and marketing costs	32.8	33.6	-2.2%	65.7	66.5	-1.2%
Administrative expenses	28.7	27.8	2.9%	56.5	55.6	1.7%
Operating profit	60.2	56.5	6.6%	133.0	126.3	5.3%
<i>Operating profit margin</i>	<i>8.7%</i>	<i>8.6%</i>	<i>-0.4pp</i>	<i>9.5%</i>	<i>9.6%</i>	<i>-0.1pp</i>
Net financials	-1.2	-3.5	n.a.	-2.8	-7.8	n.a.
Profit before tax	59.0	53.0	11.3%	130.2	118.5	9.9%
Tax	11.4	11.8	-2.9%	26.8	26.0	3.2%
<i>Effective tax rate</i>	<i>19.4%</i>	<i>22.2%</i>	<i>-2.8pp</i>	<i>20.6%</i>	<i>21.9%</i>	<i>-1.3pp</i>
Net profit	47.6	41.3	15.3%	103.4	92.5	11.7%

Revenue growth of 6.3% (Q2: 4.6%) adjusted for the acquisition of SCALES the growth was 5.4% (Q2: 2.8%) The timing of the Danish Easter holiday had a negative impact on revenue growth in Q2 2017 of 1.6pp

Cost of goods sold increased by 7.1% (Q2: 4.9%) and exceeds revenue growth due to lower activity level for higher margin projects from the Novo Nordisk Group as well as onboarding of new customers

Sales and marketing costs fell by 1.2% (Q2: -2.2%) mainly due to timing of costs partly countered by a strengthening of the sales force especially within international life sciences.

Administrative expenses increased by 1.7% (Q2: 2.9%) partly due to costs related to the acquisition of SCALES.

Effective tax rate declined 1.6pp (Q2: -2.8pp) primarily due to non-taxable income regarding energy savings

Segment development

DKKm	Q2 2017	Q2 2016	Change	6M 2017	6M 2016	Change
Life Sciences	364.6	386.5	-5.6%	779.0	779.0	0.0%
<i>Hereof Novo Nordisk Group</i>	268.7	300.8	-10.7%	590.9	611.5	-3.4%
<i>Hereof other Life Sciences</i>	96.0	85.7	12.0%	188.1	167.5	12.3%
Enterprise	163.7	120.9	35.3%	314.2	230.5	36.3%
Public	92.5	90.8	1.9%	176.6	191.5	-7.7%
Finance	67.9	60.5	12.3%	134.2	120.3	11.6%
Total	688.7	658.6	4.6%	715.3	662.6	8.0%

Novo Nordisk revenue decreased by 3.4% (Q2: -10.7%) mainly related to less pass-through revenue of communication lines with low margin in IT Operation Services and significantly lower project activity within IT Solution Services.

Life sciences revenue outside Novo Nordisk grew by 12.3% (Q2: 12.0%) reflecting an increased activity level especially from a number of international customers.

Enterprise revenue grew by 36% (Q2: 35%) driven by increased revenue from new customers including PANDORA and Widex where the contracts were entered into in Q2 2016 and by the acquisition of SCALES.

Public revenue decreased by 7.7% (Q2: 1.9%). The decline in 6M 2017 was impacted by a settlement with a customer in the public customer group within IT Operation Services in Q1 2017 and price reductions in certain outsourcing contracts.

Finance revenue increased 11.6% (Q2: 12.3%) primarily due to contract wins with new customers such as E-nettet and Danske Bank.

IT Operations

DKKm	Q2 2017	Q2 2016	Change	6M 2017	6M 2016	Change
Revenue						
Novo Nordisk Group	180.8	199.8	-9.5%	406.9	412.5	-1.4%
Non-Novo Nordisk Group	253.1	222.5	13.8%	495.7	448.5	10.5%
Total	433.9	422.3	2.7%	902.6	861.0	4.8%
Costs	389.7	389.3	0.1%	809.0	775.0	4.4%
Operating profit	44.3	33.0	34.2%	93.6	86.0	8.9%
<i>Operating profit margin</i>	<i>10.2%</i>	<i>7.8%</i>	<i>2.4pp</i>	<i>10.4%</i>	<i>10.0%</i>	<i>0.4pp</i>

Revenue growth of 4.8% (Q2: 2.7%):

- Driven by new large customers such as PANDORA and Danske Bank
- The decline from Novo Nordisk relates to reductions in pass-through revenue with low margin

Operating profit margins increased 0.4pp to 10.4% (Q2: 2.4pp to 10.2%):

- The increase was driven by efficiency measures, less pass-through revenue with low margins and timing of costs.

IT Solutions

DKKm	Q2 2017	Q2 2016	Change	6M 2017	6M 2016	Change
Revenue						
Novo Nordisk Group	87.8	100.9	-13.0%	184.0	199.0	-7.5%
Non-Novo Nordisk Group	166.9	135.4	23.3%	317.4	261.3	21.5%
Total	254.8	236.3	7.8%	501.4	460.3	8.9%
Costs	238.8	212.8	12.2%	462.0	420.0	10.0%
Operating profit	15.9	23.5	-32.3%	39.4	40.3	-2.3%
<i>Operating profit margin</i>	6.2%	9.9%	-3.7pp	7.9%	8.8%	-0.9pp

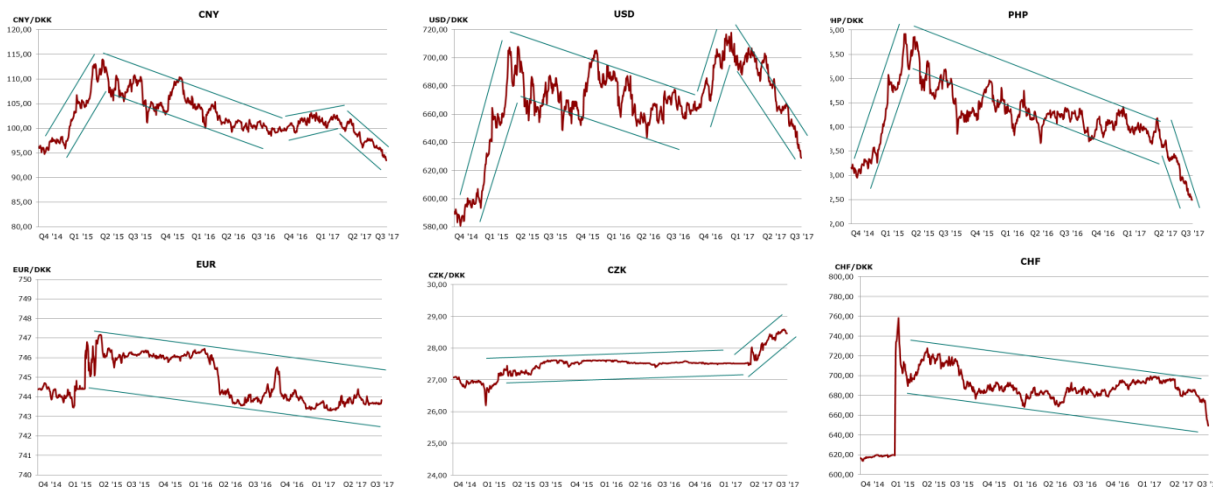
Revenue growth of 8.9% (Q2: 7.8%).

- Driven by customers outside Novo Nordisk which grew 22%
- Positive impact from SCALES acquisition was 2.5pp (Q2: 4.9pp)
- Revenue from Novo Nordisk decreased due to a decline in project activities
- Q2 isolated was negatively impacted by the timing of the Danish Easter holiday of 4.5pp

Operating profit margins decreased 0.9pp to 7.9% (Q2: -3.7pp to 6.2%):

- Reduction in higher margin project activities from the Novo Nordisk Group
- Partly countered by a provision for loss on fixed price project in the public customer group in Q1 2016
- Q2 isolated was negatively impacted by the timing of the Danish Easter holiday

Currency development and hedging



Major currencies except CZK have all been depreciating versus the DKK lately.

CZK appreciated against DKK.

We see currency tailwind from the CNY and PHP compared to 2016, while we have currency headwind from CZK compared to 2016.

6M 2017 our operating profit margin tailwind was 0.3pp compared to 2016 exchange rates primarily due to the CNY.

Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
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EUR	DKK 34 million	-
CNY	DKK -18 million	14
CZK	DKK -10 million	14
PHP	DKK -4 million	-
CHF	DKK -1 million	-
USD	DKK -1 million	-

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

*The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume our business develops consistent with our current 2017 business plan.

Net Financials

Net financials DKKm	6M 2017	6M 2016	Change
Net gains on Novo Nordisk shares*	0.0	-2.7	2.7
Dividends received from Novo Nordisk shares	0.2	0.5	-0.3
Total Novo Nordisk share related items	0.2	-2.2	2.4
Currency hedge gains	-0.3	-3.9	3.6
Currency losses	-0.6	-0.3	-0.4
Total currency related items	-0.9	-4.2	3.3
Interests and bank charges**	-2.1	-1.4	-0.7
Total interests and bank charges	-2.1	-1.4	-0.7
Net financials	-2.8	-7.8	5.0

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

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

Total Currency hedges DKKm	6M 2017	6M 2016	Change
Currency hedge gains in P&L	-0.3	-3.9	3.6
Currency hedge gains on Equity	-0.1	-2.2	2.2
Total currency hedge gains	-0.4	-6.2	5.8

Net Financial impact from Novo Nordisk share price DKKm	Market value	Obligation	Net
Full year 2017 (if the share price increase by 10%)	1.0	0.8	0.2
Full year 2017 (if the share price decrease by 10%)	-1.0	-0.8	-0.2

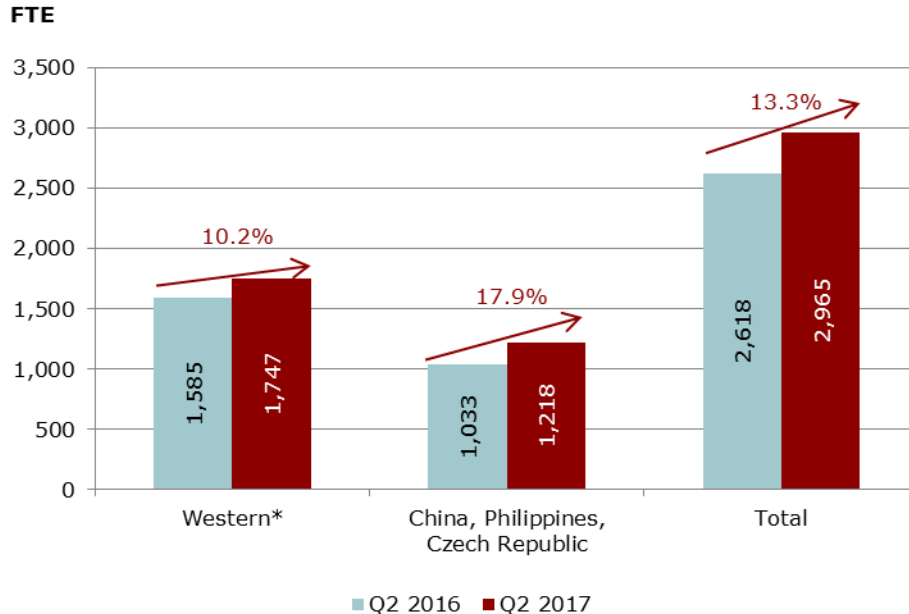
Net financials for 6M 2017 were DKK -2.8m, which was DKK 5.0m better than 6M 2016.

This was due to:

- Improvement in result from Novo Nordisk shares held for management long-term incentive program from before 2015 (DKK 0.0m) compared to Q1 2016 (DKK -2.7m)
- Lower losses on currency hedges (DKK -0.9m) compared to Q1 2016 (DKK -4.2m) due to a more stable development in exposed currencies

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Employee development



*Western countries: Denmark, Germany, Norway, Switzerland, United Kingdom, United States

Number of employees increased by 13.3% to 2,965 FTE end of June 2017. This is partly driven by the acquisition of SCALES, which increased Western manning by 113 FTE.

Excluding SCALES, the number of employees increased 9.0% primarily due to onboarding of new customers between Q2 and Q3 2016.

Number of employees in Western countries increased 162 FTE (10.2%). Excluding SCALES, the increase was 49 FTE (3.1%).

Growth in China, the Czech Republic and the Philippines was 185 FTE (17.9%)

Share of employees in low cost countries was 41.1% end of June 2017. Excluding SCALES, the share was 42.7% compared to 39.5% in June 2016

Balance sheet

Assets DKKm	6M 2017	6M 2016
Intangible assets	212.9	23.7
Tangible assets	472.2	400.6
Deferred tax	51.0	39.9
Other financial assets	32.1	28.4
Total non-current assets	768.2	492.5
Inventories	2.4	2.5
Trade receivables	486.0	398.9
Work in progress	98.9	103.5
Other receivables and pre-payments	155.3	94.3
Tax receivables	0.0	4.7
Shares	11.6	27.5
Derivative financial instruments	3.0	0.8
Cash and cash equivalents	97.6	132.6
Total Current assets	854.7	764.9
Total assets	1,623.0	1,257.4

Equity and liabilities DKKm	6M 2017	6M 2016
Share capital	250.0	250.0
Treasury shares	-6.6	-7.5
Retained earnings	627.6	453.6
Other reserves	7.2	5.1
Proposed dividends	48.7	48.5
Total equity	926.9	749.7
Employee benefit obligation	19.4	32.2
Provisions	71.8	9.6
Total non-current liabilities	91.2	41.8
Prepayments received	137.0	67.3
Trade payables	74.7	48.3
Employee cost payable	253.7	228.8
Tax payables	12.7	3.0
Other current liabilities	108.8	101.3
Derivative financial instruments	3.2	3.6
Employee benefit obligation	14.9	9.0
Provisions	0.0	4.6
Total current liabilities	604.9	466.0
Total equity and liabilities	1,623.0	1,257.4

Cash flows

Cash flow DKKm	6M 2017	6M 2016	Change
Net profit for the period	103.4	92.5	10.9
Reversal of non-cash items	104.1	113.0	-8.9
Net interest and taxes paid	-49.3	-31.4	-17.9
Changes in working capital	49.5	4.9	44.7
Cash flow from operating activities	207.7	179.0	28.7
Capitalization of intangible assets	-1.6	0.0	-1.6
Purchase of tangible assets	-133.6	-69.9	-63.7
Change in trade payables related to investments	4.8	-13.1	17.9
Sale of tangible assets	0.0	2.2	-2.2
Dividends received	0.2	0.5	-0.3
Payment of deposits	-2.5	-0.1	-2.4
Acquisition of subsidiary	-98.0	0.0	-98.0
Cash flow from investing activities	-230.6	-80.3	-150.3
Dividends paid	-53.4	-97.0	43.7
Cash flow from financing activities	-53.4	-97.0	43.7
Net cash flow	-76.3	1.6	-77.9
Free cash flow	-23.0	98.6	-121.6

Cash flow from operating activities was DKK 208m, which was DKK 29m higher due to positive development in working capital.

Cash flow from investing activities was DKK -231m compared to DKK -80m in 6M 2016 due to acquisition of SCALES and investments primarily related to a new datacenter.

Cash flow from financing activities was DKK -53m compared to DKK -97m in 6M 2016 due to interim dividend payouts mid 2016.

Free cash flow was DKK -23m, which is DKK 122m below 6M 2016 due to above mentioned investment I SCALE and a new data center.

NNIT will pay an interim dividend in August 2017 of DKK 48.7m in cash equal to DKK 2 per share of a nominal value of DKK 10.

Outlook

	2017	Previous guidance
Revenue growth	<p>Constant currencies: 4-8%</p> <p>Constant currencies (organic): 1-5%</p> <p>Reported currencies: 0.2pp lower</p>	<p>Constant currencies: 4-8%</p> <p>Constant currencies (organic): 1-5%</p> <p>Reported currencies: No impact</p>
Operating margin	<p>Constant currencies: Around 10%</p> <p>Reported currencies: 0.3pp higher</p>	<p>Constant currencies: Around 10%</p> <p>Reported currencies: 0.1pp higher</p>
Capex	<p>Share of revenue: 15-17%</p> <p>Share of revenue excl. SCALES: 12-14%</p> <p>Relating to new data center: 7pp or around DKK 200m</p> <p>Total data center investment: DKK 250m</p>	<p>Share of revenue: 16-18%</p> <p>Share of revenue excl. SCALES: 12-14%</p> <p>Relating to new data center: 7pp or around DKK 200m</p> <p>Total data center investment: DKK 250m</p>

Closing remarks

- A solid financial performance for the first six month in-line with our expectations
- Continued strong growth in non-Novo Nordisk revenue
- Still uncertainty in full-year Novo Nordisk revenue
- 2017 guidance is unchanged at 4-8% revenue growth with an operating profit margin around 10% and a investment level of 15-17% of revenue
- NNIT's ability to generate cash allows for payment of interim dividends even after the acquisition of SCALES and building a new data center

Investor contact information

Upcoming events

October 26, 2017:	Interim report for the first nine months of 2017
December 12, 2017:	Danske Bank Copenhagen Winter Seminar

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