

NNIT first six months 2016

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The NNIT Presenting Team



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Agenda

Highlights for first six 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 six months of 2016 at a glance

Revenue

DKK 1.321m

+6.2%

+6.3% organic*

Operating profit

DKK 126m

+10.6%

+5.8% organic*

Operating profit margin

9.6%

+0.4pp

+0.0pp organic*

Net profits

DKK 93m

-1.3%

Order backlog

DKK 2,522m

+7.8%

Free cash flow

DKK 99m

+DKK 57m

*Organic is growth in constant currencies using Q2 2015 average exchange rates

Q2 2016 at a glance

Revenue

DKK 659m

+4.7%

+5.0% organic*

Operating profit

DKK 57m

+11.0%

+3.2% organic*

Operating profit margin

8.6%

+0.5pp

-0.1pp organic*

Net profits

DKK 41m

+15.7%

Order backlog addition

DKK 247m

+22.2%

Free cash flow

DKK -33m

DKK -39m

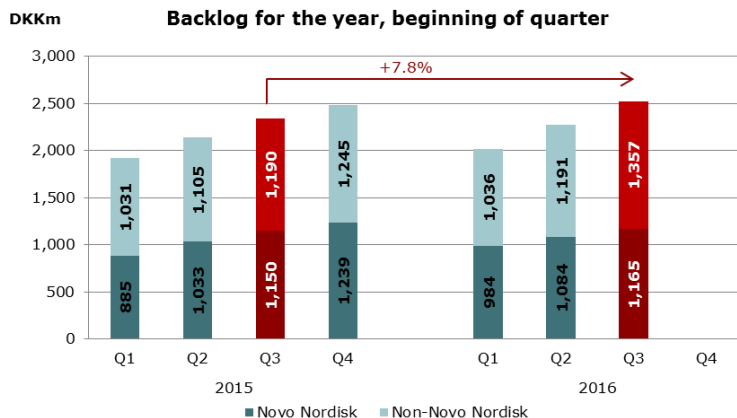
*Organic is growth in constant currencies using Q2 2015 average exchange rates

Major wins

	Contract	Segment	Client	Amount (DKK million)	Length (years)
Q2 2016	Outsourcing agreement (Mentioned in Q1 reporting) (CA 6/2016, 29 April)	Enterprise	Pandora	Medium-three-digit	5
	Data center capacity (Mentioned in Q1 reporting) (CA 7/2016, 3 May)	Finance	Danske Bank	Medium-three-digit	10
	Outsourcing agreement (PR 29 June)	Life sciences	Ambu	Medium-double-digit	5
	Application and infrastructure outsourcing (Mentioned in Q1 reporting) (PR 26 May)	Enterprise	Widex	Medium-double-digit	5
	Operation and development contract (Mentioned in Q1 reporting)	Life sciences	SSI	Medium-double-digit	4
	Re-win of application maintenance	Public	Danish Agency for Labor Market and Recruitment	Medium-double-digit	3
	Serialization consultancy agreement	Life sciences	Novo Nordisk	Medium-double-digit	2
	Application maintenance	Public	Danish Ministry of Foreigners, Integration and Housing	Lower-double-digit	4

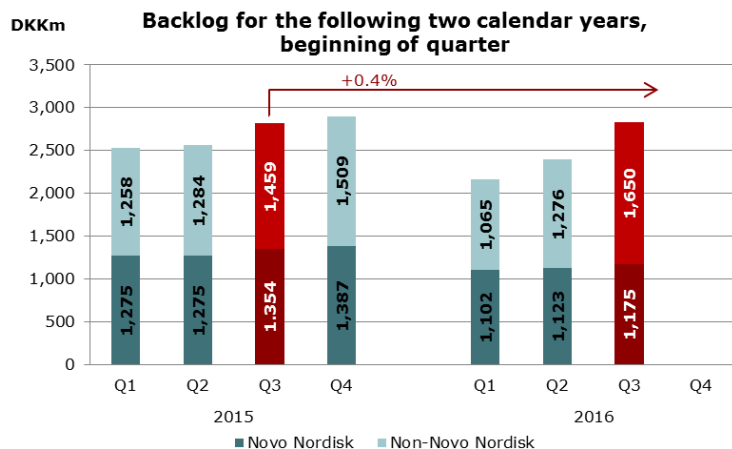
CA: Company announcement
PR: Press release

Backlog development



Backlog for 2016 is DKK 2,522m, which is an increase of 7.8% compared to Q3 2015:

- Expansion of contracts with existing customers in the enterprise and finance customer groups
- New customers in the enterprise and finance customer groups
- Partly countered by a lower backlog within the public customer group



The backlog for 2017 and 2018 increased 0.4% y-o-y to DKK 2,399m compared to a negative growth of 14.5% and 6.2% in Q1 and Q2 2016 respectively

- Pandora and Danske Bank
- A number of mid-sized deals
- Still have outsourcing contracts expiring in 2017 and 2018 but not yet renegotiated or retendered

Interim dividends for 2016

Decision

Based on the strong cash flow in 6M 2016 NNIT's Board of Directors has decided to pay out interim dividends for the financial year 2016

DKK 2.00 per share equal to DKK 48.5m

Base for dividends

Free cash flow 6M 2016: 99m

Cash balance as of 30 June 2016: 133m

Timeline

August 22: Interim dividend ex dividend date

August 23: Interim dividend record date

August 24: Interim dividend payment date

Operational Excellence

The Purpose

- **Ensure continued competitiveness**
- **Ensure delivery on long-term targets of at least 5% revenue growth and at least 10% operating profit margin in the 2020 strategy period**

Status

- Diagnostics and benchmarking phase has been completed.
- Based on the findings a number of initiatives have been identified and the detailed planning of these is currently being completed
- NNIT is ready to start the initiatives and some of the initiatives have already been initiated
- Operational Excellence is still expected to be profit neutral in 2016

Main initiative areas



Operational Excellence Initiatives

Standardize working flows and reduce time spent on tasks

Align the organization to a Plan-Design-Build-Run model

- Break tech siloes and ensure optimized flows between delivery units
- Ensure responsibilities, roles and tasks are anchored and optimize span of control

Re-design the major processes

- Reduce waste in process execution
- Speed up delivery time of changes, service requests and incident resolution
- Become more agile and capable of handling processes of varying degree of complexity

Continued improvement of operation

Implement & align knowledge management practices

- Integrated knowledge sharing setup between 1st and 2nd line support

KPI Boards

- Continuous improvement and performance culture through weekly operational boards
- Transparency and enable data driven decision

Cost optimizing initiatives

Global delivery

- Enable a more aggressive development in global delivery ratio

Automation factory

- Scale setup for producing task automation

Reporting optimization

- Centralize and standardize majority of customer facing reporting activities
- Identify and execute on automation potential

Target

Maintaining competitiveness with a growth of at least 5% revenue growth and at least 10% operating profit margin in a competitive market with price pressure

Financial statement

DKK million	Q2 2016	Q2 2015	Change	6M 2016	6M 2015	Change
Revenue	658.6	629.1	4.7%	1,321.3	1,244.4	6.2%
Cost of goods sold	540.7	518.1	4.4%	1,072.9	1,012.6	5.9%
Gross profit	117.9	110.9	6.3%	248.4	231.7	7.2%
<i>Gross profit margin</i>	<i>17.9%</i>	<i>17.6%</i>	<i>0.3pp</i>	<i>18.8%</i>	<i>18.6%</i>	<i>0.2pp</i>
Sales and marketing costs	33.6	32.2	4.2%	66.5	62.1	7.1%
Administrative expenses	27.8	27.8	0.1%	55.6	55.4	0.4%
Operating profit	56.5	50.9	11.0%	126.3	114.2	10.6%
<i>Operating profit margin</i>	<i>8.6%</i>	<i>8.1%</i>	<i>0.5pp</i>	<i>9.6%</i>	<i>9.2%</i>	<i>0.4pp</i>
Net financials	-3.5	-5.8	n.a.	-7.8	4.5	n.a.
Profit before tax	53.0	45.1	17.5%	118.5	118.7	-0.1%
Tax	11.8	9.5	24.2%	26.0	24.9	4.4%
<i>Effective tax rate</i>	<i>22.2%</i>	<i>21.0%</i>	<i>1.2pp</i>	<i>21.9%</i>	<i>21.0%</i>	<i>0.9pp</i>
Net profit	41.3	35.7	15.7%	92.5	93.8	-1.3%

Organic revenue growth of 6.2% (Q2: 4.7%)

Sales and marketing costs increase by 7.1% (Q2: 4.2%) impacted by:

- One-off severance payments (Q1)
- High presales activities (Q2)

Operating profit margin of 9.6% (Q2: 8.6%)

Net financials negatively impacted by:

- Losses on cash flow hedges (both Q1 & Q2)
- Negative net value adjustment of Novo Nordisk shares and long-term incentive program liability for previous years (Q1)

Effective tax rate of 21.9% due to the Danish Corporate tax rate of 22%

Net Profit declined 1.8% (Q2: increased 15.7%) as a result of net financials

Segment development

DKKm	Q2 2016	Q2 2015	Change	6M 2016	6M 2015	Change
Life Sciences	386.5	392.1	-1.4%	779.0	770.3	1.1%
<i>Hereof Novo Nordisk Group</i>	300.8	307.5	-2.2%	611.5	604.1	1.2%
<i>Hereof other Life Sciences</i>	85.7	84.6	1.3%	167.5	166.1	0.8%
Enterprise	120.9	99.3	21.8%	230.5	189.7	21.5%
Public	90.8	92.4	-1.8%	191.5	193.6	-1.1%
Finance	60.5	45.2	33.8%	120.3	90.9	32.4%
Total	658.6	629.1	4.7%	1,321.3	1,244.4	6.2%

Novo Nordisk revenue increased by 1.2% (Q2: decreased by 2.2%).

Life sciences revenue outside Novo Nordisk only grew by 0.8% (Q2: 1.3%).

The low growth in both Q1 and Q2 2016 was due to a tough comparison base and a relative weak order entry in Q4 2015 which only to a minor degree offsets the finalization of non-recurring projects with both Danish and international customers

Enterprise revenue grew by 22% (Q2: 22%) driven by existing customers as well as start-up at Pandora

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

Finance revenue increased 32% (Q2: 33%) due to expansion of several existing customer contracts and new customers

IT Operations

DKKm	Q2 2016	Q2 2015	Change	6M 2016	6M 2015	Change
Revenue						
Novo Nordisk Group	199.8	206.4	-3.2%	412.5	403.0	2.3%
Non-Novo Nordisk Group	222.5	209.4	6.2%	448.5	420.4	6.7%
Total	422.3	415.9	1.6%	861.0	823.4	4.6%
Costs	389.3	388.4	0.2%	775.0	755.7	2.6%
Operating profit	33.0	27.4	20.3%	86.0	67.7	26.9%
<i>Operating profit margin</i>	<i>7.8%</i>	<i>6.6%</i>	<i>1.2pp</i>	<i>10.0%</i>	<i>8.2%</i>	<i>1.8pp</i>

6M 2016 revenue growth of 4.6% (Q2: 1.6%)

- Driven by some of the large outsourcing customers primarily within the enterprise segment and Pandora transition start-up
- Q2 negatively impacted by Novo Nordisk revenue due to less project activity compared to Q2 2015 such as the IT separation project between Novo Nordisk and NNIT

6M 2016 operating profit margins increase 1.8pp to 10.0% (Q2: +1.2pp to 7.8%)

- Profit margin positively impacted by the growth in revenue
- Efficiency measures implemented in 2015 are showing the expected positive impact on operating profits

IT Solutions

DKKm	Q2 2016	Q2 2015	Change	6M 2016	6M 2015	Change
Revenue						
Novo Nordisk Group	100.9	101.1	-0.2%	199.0	201.1	-1.0%
Non-Novo Nordisk Group	135.4	112.1	20.8%	261.3	219.9	18.9%
Total	236.3	213.2	10.8%	460.3	421.0	9.3%
Costs	212.8	189.7	12.2%	420.0	374.5	12.2%
Operating profit	23.5	23.5	0.1%	40.3	46.5	-13.3%
<i>Operating profit margin</i>	<i>9.9%</i>	<i>11.0%</i>	<i>-1.1pp</i>	<i>8.8%</i>	<i>11.0%</i>	<i>-2.3pp</i>

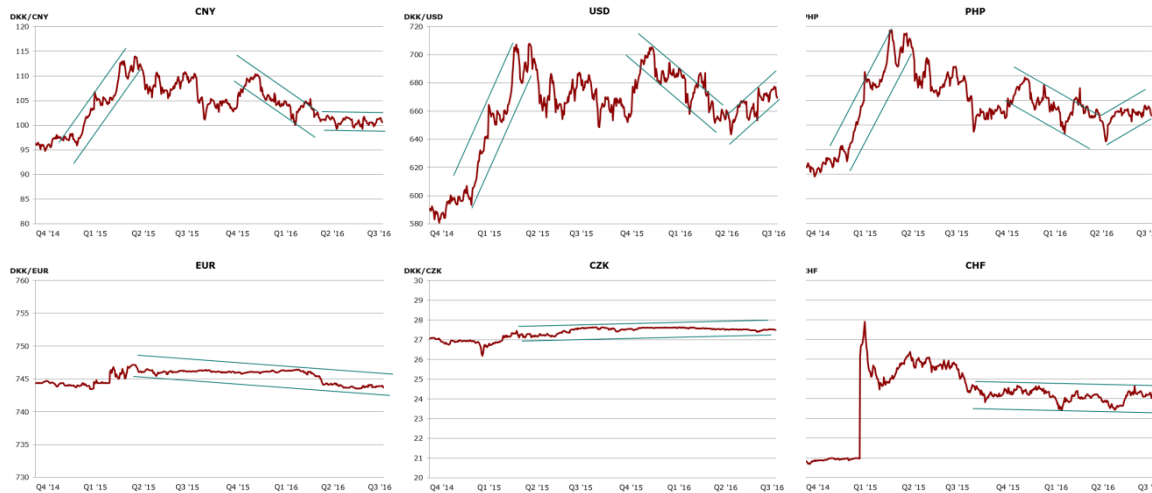
6M 2016 revenue growth of 9.3% (Q2: 10.8%)

- The revenue increase was driven by revenue from customers outside the Novo Nordisk Group
- Revenue from the Novo Nordisk Group decreased due to a strong comparison base in 2015 with non-recurring projects being finalized

6M 2016 operating profit margins decreased 2.3pp to 8.8% (Q2: -1.1pp to 9.9%)

- Increased complexity of a fixed price project in the public customer group resulted in a provision for loss in Q1
- One-time payments in connection with changes in group management in Q2

Currency development and hedging



After the depreciation of the CNY in Q1 vs. DKK the CNY had been relative flat compared to DKK in Q2

USD, PHP have been appreciating vs. the DKK while EUR, CZK, CHF have all been relative flat vs. DKK

We continue to have currency tailwind from the CNY, CHF and PHP compared to 2015. EUR, CZK and USD are at level with 2015.

6M 2016 our operating profit margin tailwind is 0.5pp compared to 2015 exchange rates while Q2 operating profit margin tailwind is 0.6pp compared to Q2 2015.

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

		Hedging period (months)
CNY	DKK - 18 million	14
EUR	DKK 18 million	-
CZK	DKK -7 million	14
PHP	DKK -4 million	-
CHF	DKK -2 million	-
USD	DKK 1 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	6M 2016	6M 2015	Change
Net gains on Novo Nordisk shares*	-2.7	4.9	-7.6
Dividends received from Novo Nordisk shares	0.5	0.7	-0.2
Total Novo Nordisk share related items	-2.2	5.6	-7.8
Currency hedge gains	-3.9	5.4	-9.3
Currency losses	-0.3	-2.6	2.4
Total currency related items	-4.2	2.8	-7.0
Interests and bank charges**	-1.4	-3.9	2.5
Total interests and bank charges	-1.4	-3.9	2.5
Net financials	-7.8	4.5	-12.2

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

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

Total Currency hedges DKKm	6M 2016	6M 2015	Change
Currency hedge gains in P&L	-3.9	5.4	-9.3
Currency hedge gains on Equity	-2.2	0.0	-2.2
Total currency hedge gains	-6.2	5.4	-11.5

Net Financial impact from Novo Nordisk share price DKKm	Market value	Obligation	Net
Q2 2016 (share price of DKK 358)	-3.2	0.5	-2.7
Full year 2016 (if share price stays at DKK 358)	-3.2	-0.8	-4.0
Full year 2016 (if the share price increase by 10%)	-0.5	-3.0	-3.5
Full year 2016 (if the share price decrease by 10%)	-6.0	1.5	-4.5

Net financials for 6M 2016 are DKK -7.8m, which is DKK 12.2m lower than 6M 2015

- Q2 net financials was -3.5m, which was DKK 2.3 higher than Q2 2015

Net losses on Novo Nordisk shares held for management long-term incentive program from before 2015 of DKK 2.7m vs. a gain of DKK 4.9m in 6M 2015

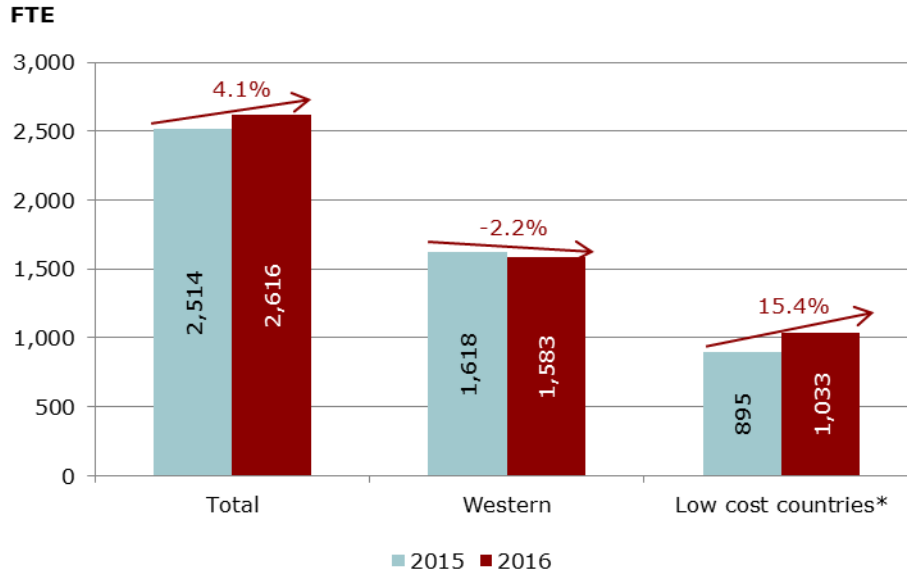
- Q2 loss of DKK 0.4m vs. loss of DKK 1.6m in Q2 2015

Losses on currency hedges of DKK 2.7m compared to a gain of DKK 4.9m in 6M 2015

- Q2 loss of DKK 2.2m vs. gain of DKK 1.0m in Q2 2015

Interest and bank charges of DKK -1.4m, which is DKK 2.5m below 6M 2015

Employee development



*Low cost countries: China, Philippines, Czech Republic

Number of employees increased by 4.1% to 2,616 FTE end of June 2016

Growth came in low cost countries

- Increase of 138 FTE (15.4%) compared to end of June 2015

Number of employees in western countries declined 36 FTE (-2.2%) based on demand from customers and our offshoring strategy

Share of employees in low cost countries grew to 39% end of June 2016

- Increase of 3 percentage-points compared to June 2015

Balance sheet

Assets DKKm	2016	2015
Intangible assets	23.7	31.5
Tangible assets	400.6	427.9
Deferred tax	39.9	21.0
Other financial assets	28.4	28.3
Total non-current assets	492.5	508.7
Inventories	2.5	1.7
Trade receivables	398.9	396.6
Work in progress	103.5	166.4
Other receivables and pre-payments	94.3	90.0
Tax receivables	4.7	0.0
Shares	27.5	44.5
Derivative financial instruments	0.8	1.6
Cash and cash equivalents	132.6	56.0
Total non-current assets	764.9	756.9
Total assets	1,257.4	1,265.6

Equity and liabilities DKKm	2016	2015
Share capital	250.0	250.0
Treasury shares	-7.5	-7.5
Retained earnings	453.6	360.0
Other reserves	5.1	6.4
Proposed dividends	48.5	0.0
Total equity	749.7	609.0
Deferred tax	0.0	3.5
Employee benefit obligation	32.2	29.2
Provisions	9.6	7.3
Total non-current liabilities	41.8	40.0
Prepayments received	67.3	59.9
Trade payables	48.3	78.1
Employee cost payable	228.8	239.0
Bank debt	0.0	94.7
Tax payables	3.0	16.8
Other current liabilities	101.3	102.2
Derivative financial instruments	3.6	1.3
Employee benefit obligation	9.0	17.5
Provisions	4.6	7.2
Total current liabilities	466.0	616.7
Total equity and liabilities	1,257.4	1,265.6

Cash flows

Cash flow DKKm	6M 2016	6M 2015	Change
Net profit for the period	92.5	93.8	-1.2
Reversal of non-cash items	113.0	103.8	9.2
Net interest and taxes paid	-31.4	-14.0	-17.4
Changes in working capital	4.9	-37.8	42.6
Cash flow from operating activities	179.0	145.7	33.2
Purchase of tangible assets	-69.9	-93.5	23.6
Sale of tangible assets	2.2	0.0	2.2
Change in trade payables related to investments	-13.1	-5.7	-7.4
Dividends received	0.5	0.7	-0.2
Purchase of shares	0.0	0.0	0.0
Payment of deposits	-0.1	-6.0	6.0
Cash flow from investing activities	-80.3	-104.6	24.3
Dividends paid	-97.0	-83.7	-13.3
Purchase of treasury shares	0.0	-93.8	93.8
Cash flow from financing activities	-97.0	-177.5	80.5
Net cash flow	1.6	-136.3	138.0
Free cash flow	98.6	41.1	57.5

Cash flow from operating activities is DKK 179m, which is DKK 33m higher than 6M 2015 driven by a lower working capital.

Cash flow from investing activities is DKK -80m compared to DKK -105m in 6M 2015 due to lower investments.

Cash flow from financing activities was DKK -97m while 6M 2015 was DKK -178m impacted purchase of treasury shares of DKK 94m.

Free cash flow was DKK 99m, which is DKK 58m higher than 6M 2015 due to higher cash flow from operating activities and lower investments.

Outlook

	2016	Previous guidance
Revenue growth	5-8% in constant currencies Around 0.1pp lower in reported currencies	5-8% in constant currencies Around 0.3pp lower in reported currencies
Operating margin	10-11% in constant currencies Around 0.5pp higher in reported currencies	10-11% in constant currencies Around 0.6pp higher in reported currencies
Capex	6-7% of revenue (incl. up to 2% investment in new data center) NNIT expects total data center investments of around DKK 250m in 2016-2018	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

Closing remarks

- Solid financial results in-line with expectations
- Based on the strong cash flow
NNIT will pay out interim dividend for 2016
- Strong Q2 order inflow fuelled by
several major contract wins
- Temporary dip in life sciences growth,
but further growth expected in 2H
due to recent order inflow
- Operation excellence will enable NNIT to stay competitive
and meet long-term targets
- Outlook of 5-8% revenue growth and
10-11% operating profit margin maintained
with a lower investment level in 2016

Investor contact information

Upcoming events

September 8, 2016:	Carnegie Small & Mid Cap Seminar, Stockholm
October 26, 2016:	Financial statement for the first nine months of 2016
November 30, 2016:	Danske Banks Copenhagen Winter Seminar

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