

NNIT Interim report Q1 2015

Roadshow presentation

The NNIT Presenting Team



Per Ove Kogut

Chief Executive Officer



**Carsten Krogsgaard
Thomsen**

Chief Financial Officer



Jesper Wagener

Head of Investor Relations

Agenda

Highlights Q1 2015

Sales and backlog

Financial performance

Outlook for 2015

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.

Q1 2015 at a glance

	Constant currencies	vs. Q1 2014
Revenue	DKK 609.6m	+10.4%
Operating profits	DKK 70.9m	+24.5%
Operating profit margin	11.6%	+1.3pp
Net profits	DKK 60.7m	+37.0%
Order backlog	DKK 2,138m	+8.0%
Free cash flow	DKK 35m	+DKK 46m

Currency impact revenue and profits

Revenue growth 11.5%, operating profit margin 10.3%, net profit growth 31.2% in reported currency

Market update – life sciences trends

Continued trend of client cost focus

- Driving AO & IO Outsourcing
- Cost reduction focus at Tier 1 pharma

Identification of Medicinal Products (IDMP)

- Deadline for submitting IDMP data is still July 1, 2016 in EU
- No changes to overall IDMP data scope
- The LS industry is moving towards technical selection for IDMP solutions

Market update – technology trends

SAP pushes new Hana technology

- NNIT is a leading vendor in the Danish market with currently 4 running installations

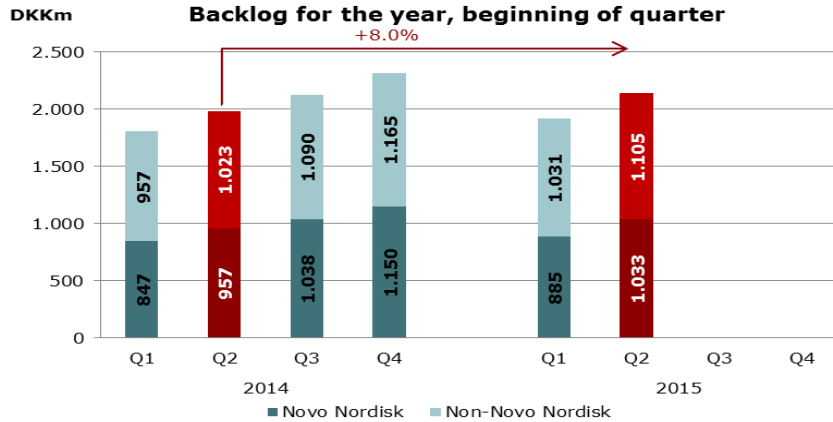
Hybrid cloud is the preferred way to utilize the cloud opportunities

- NNIT is launching a hybrid cloud solution to orchestrate workloads across NNIT datacenter and Microsoft Azure cloud datacenters across the world

The increasing speed of cybersecurity pushes for bimodal security solutions

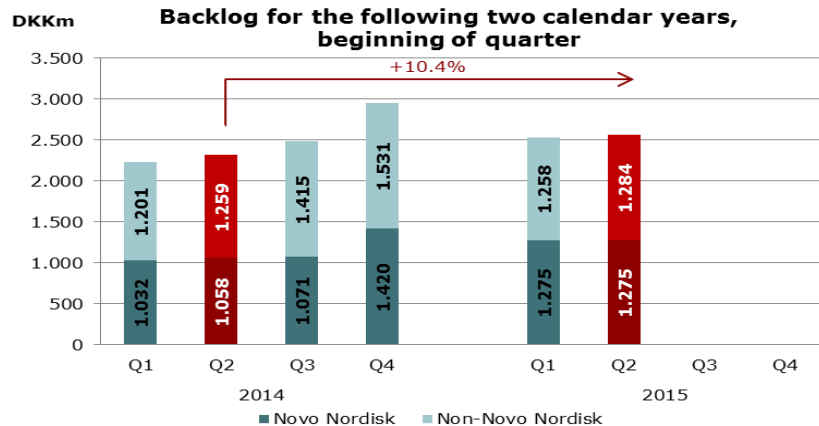
- NNIT offers Danish datacenter capacity and experience in establishing critical systems security

Backlog development



Backlog for 2015 increased 8.0% y-o-y to DKK 2,138m driven by:

- New contracts in public and life sciences segments
- Extension and expansion of infrastructure and support agreements with Novo Nordisk
- Extension and expansion of infrastructure and support agreements in finance segment

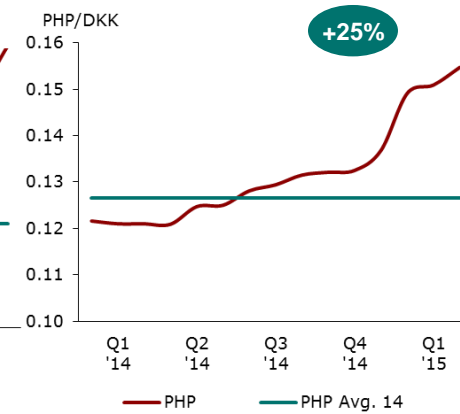
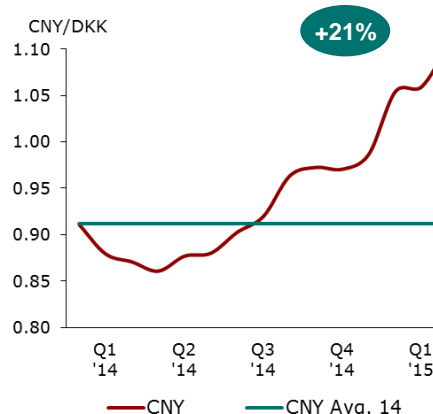
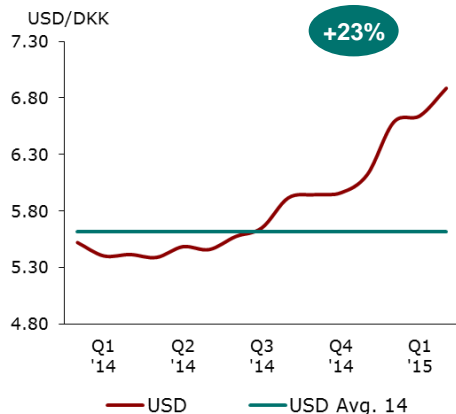


The backlog for 2016 and 2017 increased 10.4% y-o-y to DKK 2,559m

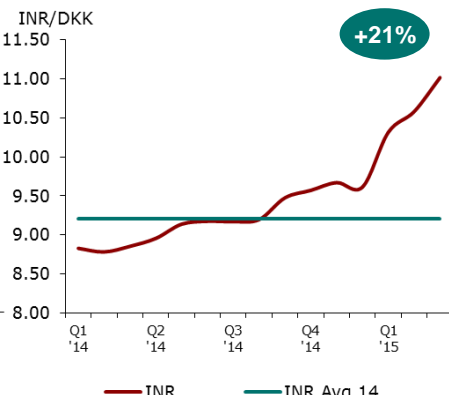
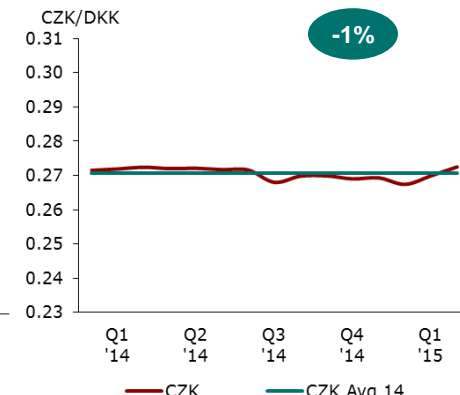
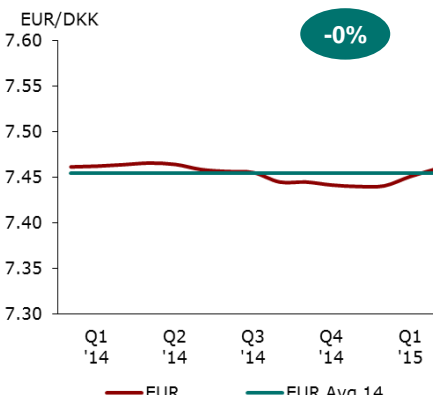
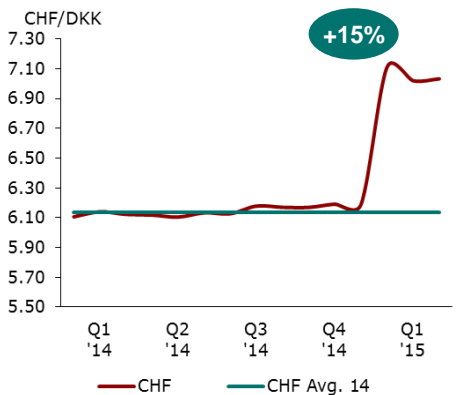
Investments

- Investments level in Q1 2015 was DKK 56.5m which is DKK 20.7m higher than Q1 2014
 - Hardware investments on outsourcing agreements with major clients
- NNIT is still investigating whether to build a second datacenter or to rent additional external capacity

Currency development



+x% avg Q1 '15 rate vs. avg Q1 '14 rate



Hedging and currency impact

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

CNY	DKK - 14 million	14
EUR	DKK 10 million	-
CZK	DKK - 2 million	-
PHP	DKK - 3 million	14
USD	DKK - 2 million	14
CHF	DKK - 2 million	-

Note PHP is proxy hedged in USD

DKK million	Q1 2015 (reported)	Q1 2015 (constant*)	Q1 2014 (Avg 14*)	Pct/pp Change (reported)	Pct/pp Change (constant)
Revenue	615.3	609.6	552.0	11.5%	10.4%
Cost of goods sold	494.5	482.4	443.0	11.6%	8.9%
Gross profit	120.8	127.2	109.0	10.8%	16.7%
<i>Gross profit margin</i>	19.6%	20.9%	19.8%	-0.1pp	1.1pp
Sales and marketing costs	29.9	29.4	28.4	5.2%	3.5%
Administrative expenses	27.6	26.9	23.7	16.4%	13.7%
Operating profit	63.3	70.9	56.9	11.2%	24.5%
<i>Operating profit margin</i>	10.3%	11.6%	10.3%	0.0pp	1.3pp
Net financials	10.2	5.9	-0.3	n.a.	n.a.
Profit before tax	73.6	76.8	56.7	29.8%	35.6%
Tax	15.4	16.1	12.4	24.9%	30.4%
<i>Effective tax rate</i>	21.0%	21.0%	21.8%	-0.8pp	-0.8pp
Net profit	58.1	60.7	44.3	31.2%	37.0%

← Revenue impact

← Cost impact

Operating profit not hedged

← Hedging impact

*Constant currencies measured using average exchange rates in Q1 2014

Financial statement

DKK million	Q1 2015 (reported)	Q1 2015 (constant*)	Q1 2014 (Avg 14*)	Pct/pp Change (reported)	Pct/pp Change (constant)
Revenue	615.3	609.6	552.0	11.5%	10.4%
Cost of goods sold	494.5	482.4	443.0	11.6%	8.9%
Gross profit	120.8	127.2	109.0	10.8%	16.7%
<i>Gross profit margin</i>	<i>19.6%</i>	<i>20.9%</i>	<i>19.8%</i>	<i>-0.1pp</i>	<i>1.1pp</i>
Sales and marketing costs	29.9	29.4	28.4	5.2%	3.5%
Administrative expenses	27.6	26.9	23.7	16.4%	13.7%
Operating profit	63.3	70.9	56.9	11.2%	24.5%
<i>Operating profit margin</i>	<i>10.3%</i>	<i>11.6%</i>	<i>10.3%</i>	<i>0.0pp</i>	<i>1.3pp</i>
Net financials	10.2	5.9	-0.3	n.a.	n.a.
Profit before tax	73.6	76.8	56.7	29.8%	35.6%
Tax	15.4	16.1	12.4	24.9%	30.4%
<i>Effective tax rate</i>	<i>21.0%</i>	<i>21.0%</i>	<i>21.8%</i>	<i>-0.8pp</i>	<i>-0.8pp</i>
Net profit	58.1	60.7	44.3	31.2%	37.0%

*Constant currencies measured using average exchange rates in Q1 2014

Revenue growth of 10.4% in constant currencies and 11.5% in reported currency

- 1.7% of the growth is due to one-off events such as reversal of revenue and compensation for a terminated contract in Q1 2014 and discontinuation of re-invoicing of software licenses in Q1 2015

Operating profit margin of 11.6% in constant currencies and 10.3% in reported currency

Net financials impacted by gains on currency hedging and gains on share portfolio in Q1 2015

Effective tax rate of 21.0% partly due to lowering of the Danish corporate tax rate to 23.5%

Segment development

DKKm	Q1 2015 (reported)	Q1 2015 (constant*)	Q1 2014 (Avg 14*)	Pct Change (reported)	Pct Change (constant)
Life Sciences	378.2	372.4	360.5	4.9%	3.3%
<i>Hereof Novo Nordisk Group</i>	296.6	291.9	297.0	-0.1%	-1.7%
<i>Hereof other Life Sciences</i>	81.6	80.5	63.5	28.4%	26.7%
Public	101.1	101.1	55.1	83.6%	83.6%
Enterprise	90.4	90.4	97.2	-7.0%	-7.0%
Finance	45.6	45.6	39.2	16.5%	16.5%
Total	615.3	609.6	552.0	11.5%	10.4%

*Constant currencies measured using average exchange rates in Q1 2014

Revenue from Novo Nordisk is affected by discontinuation of re-invoicing of software licenses of around DKK 10m

- Adjusting for this, Novo Nordisk growth was 3.1% (reported) and 1.5% (constant)

Growth in public is influenced by a reversal of revenue in Q1 2014 of DKK 25m

- Adjusting for this, the growth in public was 26.3% in both reported and constant currencies

Growth in enterprise is influenced by a compensation of a terminated contract in Q1 2014 of around DKK 7m

- Adjusting for this, development within enterprise is flat compared to Q1 2014

IT Operations

DKK million	Q1 2015 (reported)	Q1 2015 (constant*)	Q1 2014 (Avg 14*)	Pct/pp Change (reported)	Pct/pp Change (constant)
Revenue					
Novo Nordisk Group	196.6	192.9	205.4	-4.3%	-6.1%
Non-Novo Nordisk Group	210.9	210.8	190.7	10.6%	10.6%
Total	407.6	403.7	396.1	2.9%	1.9%
Costs	367.3	357.6	341.3	7.6%	4.8%
Operating profit	40.3	46.2	54.8	-26.5%	-15.8%
<i>Operating profit margin</i>	9.9%	11.4%	13.8%	-4.0pp	-2.4pp

*Constant currencies measured using average exchange rates in Q1 2014

Revenue growth of 1.9% in constant currencies and 2.9% in reported currency

- Revenue is influenced by discontinuation of re-invoicing of software licenses
- Adjusted for this the growth is 4.4% in constant currencies and 5.4% in reported currency

Operating profit margins decrease 2.4pp to 11.4% in constant currencies and 4.0pp to 9.9% in reported currency

- Impacted by currency headwinds on deliveries from offshore delivery centers
- Q1 2014 had a very high margin due to timing differences in onboarding of a new large customer

IT Solutions

DKK million	Q1 2015 (reported)	Q1 2015 (constant*)	Q1 2014 (Avg 14*)	Pct/pp Change (reported)	Pct/pp Change (constant)
Revenue					
Novo Nordisk Group	100.0	99.0	91.6	9.1%	8.1%
Non-Novo Nordisk Group	107.8	106.8	64.3	67.6%	66.1%
Total	207.8	205.9	155.9	33.2%	32.0%
Costs	184.7	181.1	153.8	20.1%	17.8%
Operating profit	23.0	24.7	2.1	n.a.	n.a.
<i>Operating profit margin</i>	<i>11.1%</i>	<i>12.0%</i>	<i>1.4%</i>	<i>9.7pp</i>	<i>10.7pp</i>

*Constant currencies measured using average exchange rates in Q1 2014

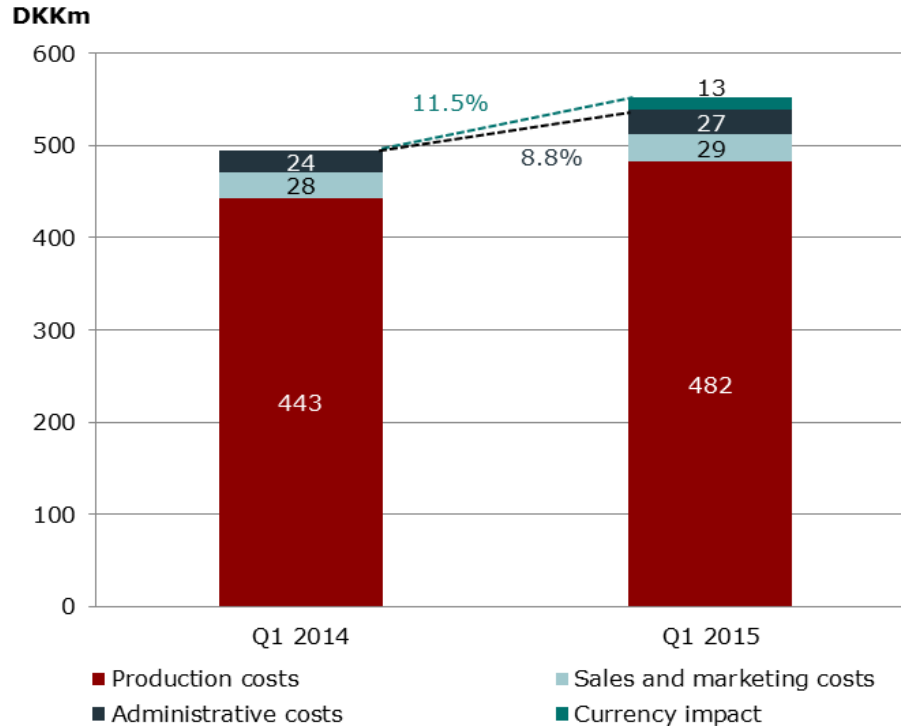
Revenue growth of 32.0% in constant currencies and 33.2% in reported currency

- Partly influenced by Q1 2014 events (reversal of revenue and compensation for a terminated contract)
- Growth net of these two items is 18.1% in constant currencies and 19.3% in reported currencies

Operating profit margins increase by 10.7pp to 12.0% in constant currencies and by 9.7pp to 11.1% in reported currency

- Q1 2014 operating profit margin was unusually low due to the two events described above

Costs



Total costs DKK 552m (11.5%)

Currency headwinds influence costs of NNIT's offshore delivery centers

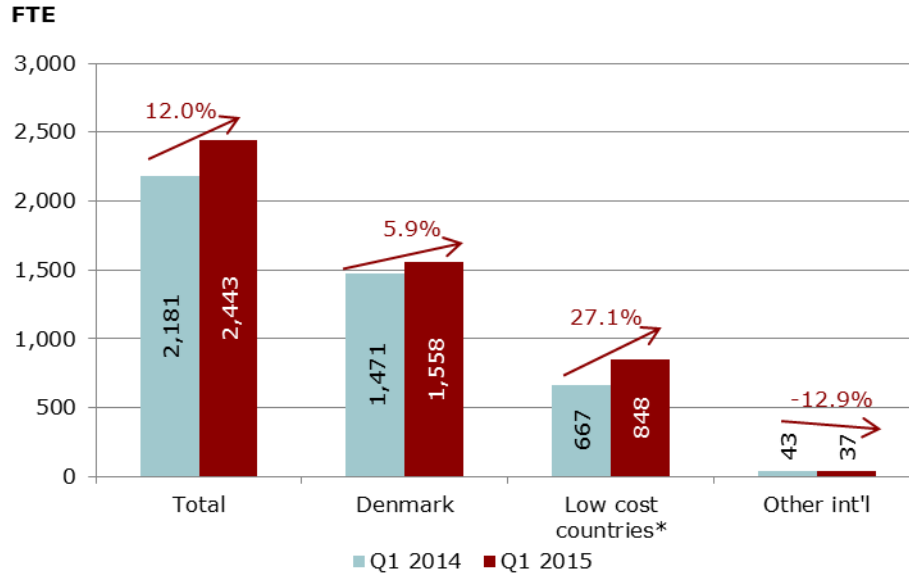
- Q1 2015 impact DKK 13m

In constant currencies costs increased 8.8%

- IPO launch program
- Expanded office facilities
- Strengthened international life sciences sale force

Administration costs (13.7%) impacted by costs of being a listed company

Employee development



*Low cost countries: China, Philippines, Czech Republic

Number of employees grew by 12% to 2,443 FTE by the end of Q1 2015

Largest growth came in low cost countries

- Increase of 181 FTE (27.1%) compared to Q1 2014

Number of employees in Denmark grew 87 FTE (5.9%)

Share of employees in low cost countries grew from 31% in Q1 2014 to 35% in Q1 2015

Net Financials

Net financials DKKm	31 Mar 2015
Gains on Novo Nordisk shares	6.6
Dividends received from Novo Nordisk shares	0.7
Total Novo Nordisk share related items	7.2
Currency hedge gains	4.3
Currency losses	-0.8
Total currency related items	3.6
Interests and bank charges	-0.6
Total interests and bank charges	-0.6
Net financials	10.2

Total Currency hedges DKKm	31 Mar 2015
Currency hedge gains in P&L	4.3
Currency hedge gains on Equity	7.2
Total currency hedge gains	11.5

Net financials is DKK 10.2m primarily due to:

- Gains on Novo Nordisk shares held for long-term incentive program for management of DKK 6.6m
- Dividends received on Novo Nordisk shares held for long-term incentive program for management of DKK 0.7m
- Gains on currency hedges of DKK 4.3m regarding Q1 2015

Currency hedging

- Hedge accounting is used
- Gains on currency hedge contracts in Q1 are DKK 4.3m
- Unrealized gains for future periods on currency hedge contracts are DKK 7.2m

Balance sheet

Assets DKKm	31 Mar 2015	31 Mar 2014
Intangible assets	33.5	41.3
Tangible assets	426.0	373.8
Deferred tax	24.1	4.1
Other financial assets	28.3	24.3
Total non-current assets	511.9	443.5
Inventories	1.7	2.1
Trade receivables	382.0	348.5
Work in progress	159.1	122.6
Other receivables and pre-payments	92.5	108.5
Shares	49.9	49.0
Derivative financial instruments	8.0	0.0
Cash and cash equivalents	29.9	83.6
Total non-current assets	723.2	714.4
Total assets	1,235.1	1,157.8

Equity and liabilities DKKm	31 Mar 2015	31 Mar 2014
Share capital	250.0	1.0
Other reserves	15.6	2.4
Retained earnings	407.3	665.9
Treasury shares	-93.8	0.0
Total equity	579.2	669.3
Deferred tax	1.7	0.0
Employee benefits	15.4	12.0
Provisions	6.8	3.4
Total non-current liabilities	23.9	15.4
Provisions	7.9	0.0
Prepayments received	117.3	53.1
Trade payables	100.7	73.2
Employee cost payable	241.9	232.2
Bank debt	74.9	0.0
Tax payables	11.5	17.2
Other current liabilities	77.8	97.4
Total current liabilities	632.0	473.2
Total equity and liabilities	1,235.1	1,157.8

Cash flows

Cash flow DKKm	31 Mar 2015	31 Mar 2014
Net profit for the period	58.1	44.3
Reversal of non-cash items	50.7	39.4
Net interest and taxes paid	-14.2	-15.0
Changes in working capital	-7.2	-44.2
Cash flow from operating activities	87.3	24.5
Purchase of tangible assets	-56.5	-35.8
Change in trade payables related to investments	9.3	2.7
Dividends received	0.7	0.0
Payment of deposits	-6.1	-2.9
Cash flow from investing activities	-52.5	-35.9
Dividends paid	-83.7	-140.0
Purchase of treasury shares	-93.8	0.0
Cash flow from financing activities	-177.5	-140.0
Net cash flow	-142.7	-151.4
Free cash flow	34.8	-11.4

Net cash flows are negative due to payment of dividends and purchase of treasury shares of DKK 178m.

Cash flow from operating activities improved DKK 63m due to higher profit for the period and improvement in working capital.

Cash flow from investing activities was DKK 17m lower due to higher investments.

Cash flow from financing activities was DKK 37m lower due to purchase of treasury shares and dividend payments.

Free cash flow was DKK 35m which is DKK 46m higher than in Q1 2014.

Outlook

	Current guidance	Previous guidance
Revenue growth	5-8% at constant currencies Around 0.8pp higher as reported	5-8% at constant currencies Around 0.6pp higher as reported
Operating margin	Around 11% at constant currencies Around 1.4pp lower as reported	Around 11% at constant currencies Around 1.2pp lower as reported
Capex	c.5-6% of total net turnover If NNIT decides to build another data center to support growth, NNIT expects additional capex of around DKK 250 million over a three-year period	c.5-6% of total net turnover If NNIT decides to build another data center to support growth, NNIT expects additional capex of around DKK 250 million over a three-year period

Closing remarks

- Solid revenue growth in Q1 2015
- Solid backlog supporting year-end targets
- Maintain year-end expectations in constant currencies
- Currency headwinds impacts offshore delivery center cost base
- Outlook in reported currencies impacted by strong CNY and USD

Investor contact information

Upcoming events

21 August 2015:	Interim report for first six months of 2015
17 November 2015:	Interim report for first nine months of 2015

Investor contact

NNIT A/S
Østmarken 3A
2860 Søborg
Denmark

Jesper Wagener
+45 3075 5392
jvwa@nnit.com