

# Annual General Meeting 2017

8 March 2017

# Agenda

1. Report of the Board of Directors  
(Chairman Jesper Brandgaard)
2. Presentation of the annual report 2016  
(CEO Per Kogut and CFO Carsten Krogsgaard Thomsen)
3. Distribution of profits (Chairman Jesper Brandgaard)
4. Remuneration of the Board of Directors (meeting chairman)
5. Election of members to the Board of Directors (meeting chairman)
6. Appointment of auditors (meeting chairman)
7. Authorization to buy treasury shares (meeting chairman)
8. Proposals from the Board of Directors (meeting chairman)
9. Any other business (meeting chairman)

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# 2016 highlights

- 2016 at a glance
- Financial expectations and results 2016
- Growth and strategy
- Corporate governance
- Management compensation
- Shareholder structure

# 2016 at a glance

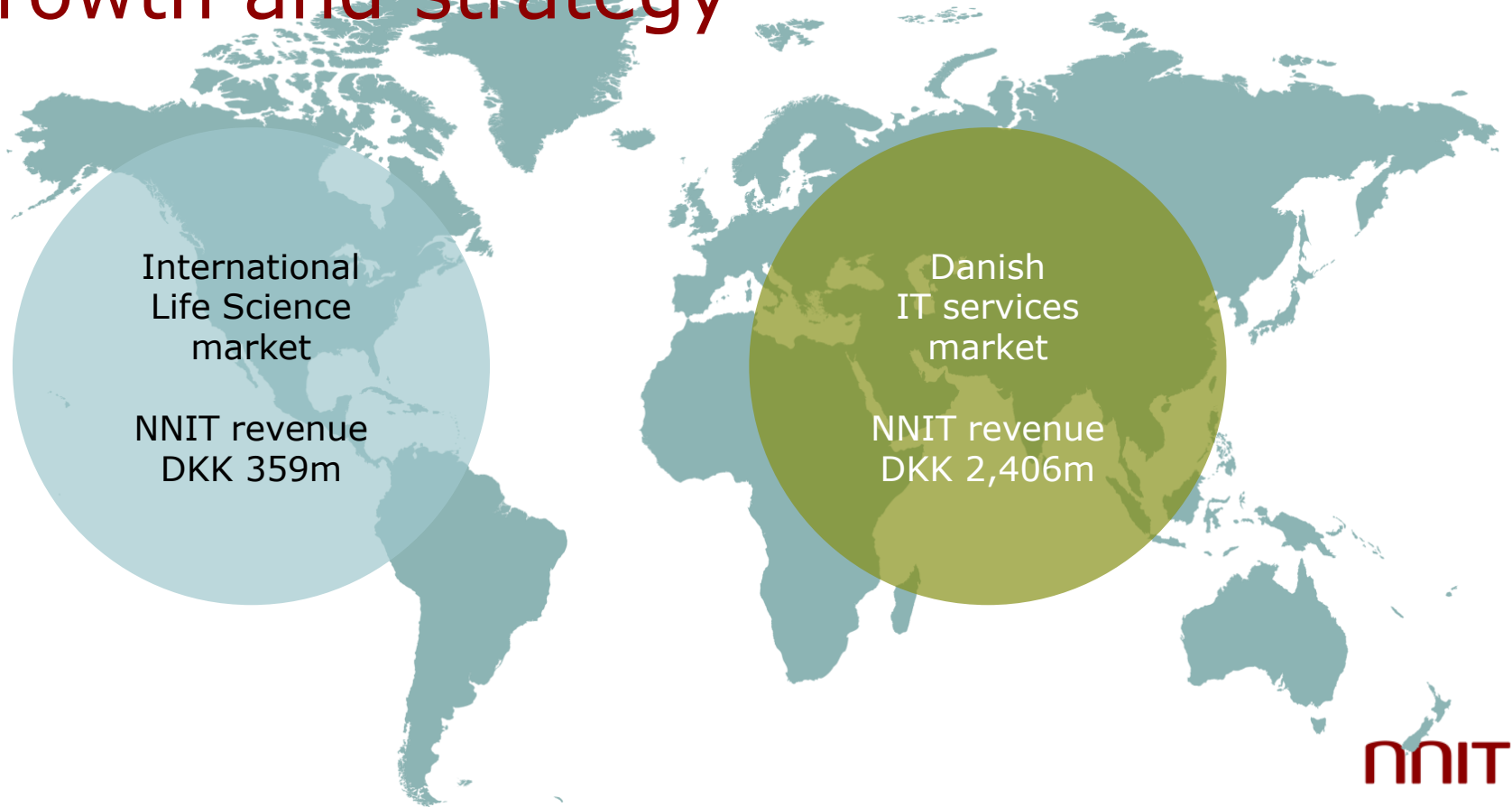
- The IT market in general
  - Digital transformation
  - Disruption
  - Internet of Things
- NNIT 2016
  - Competition and price pressure
  - Diversification of business portfolio
  - Satisfactory 2016 result

# Financial expectations and results 2016

	<b>Realized 2016</b>	<b>Q3 2016</b>	<b>Q2 2016</b>	<b>Q1 2016</b>	<b>Annual Report 2015</b>	<b>Long term targets</b>
Revenue growth in constant currencies*	6.4%	5-8%	5-8%	5-8%	At least 5%	-
Reported currencies	0.1pp lower	Around 0.1pp lower	Around 0.1pp lower	Around 0.3pp lower	Around 0.0pp lower	≥ 5%
Operating profit margin in constant currencies*	10.6%	10-11%	10-11%	10-11%	10-11%	-
Reported currencies	0.5pp higher	Around 0.5pp higher	Around 0.5pp higher	Around 0.6pp higher	Around 0.3pp higher	≥ 10%
Investment/ Revenue	6.1%	Around 6%	6-7%	6-7%	5-6%	

\* Constant currencies measured in 2015 average exchange rates

# Growth and strategy



# Corporate governance

- Guidelines for the overall direction of NNIT's Board of Directors and Executive Management in their definition of working procedures and principles
- Ensure efficient and adequate management of NNIT within the framework defined by
  - applicable legislation,
  - rules and recommendations for listed companies in Denmark, and
  - NNIT's articles of association, vision, mission and values.
- NNIT is subject to the recommendations provided by the Danish Committee on Corporate Governance



# Compensation of management and employees

including short- and long term incentive programs

## Board of Directors

- Fixed fee
- No incentive remuneration
- Travel allowance

## Group management

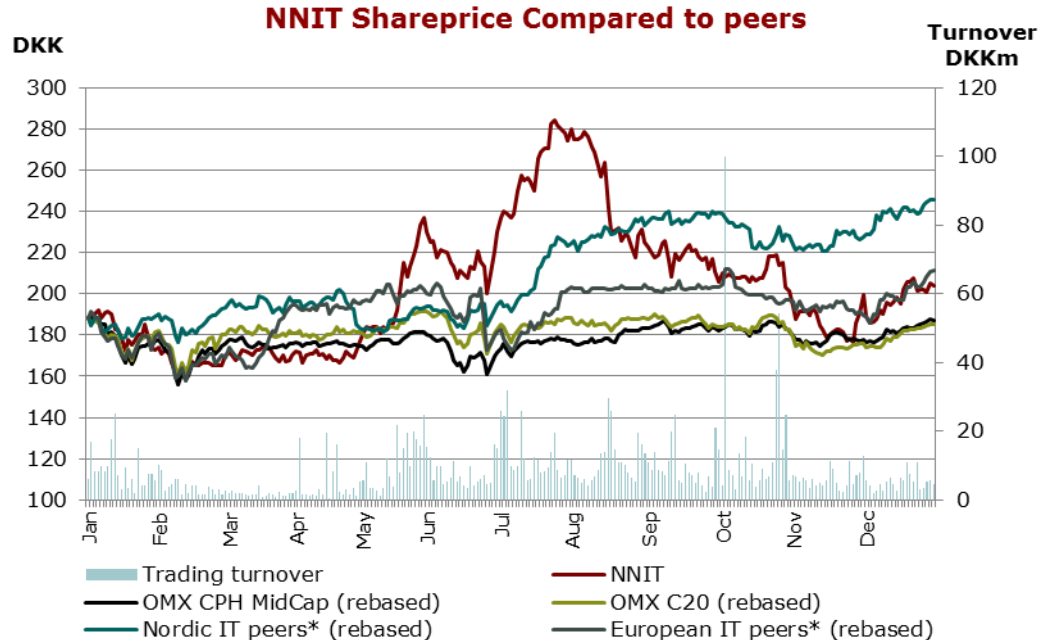
- Fixed salary
- Short term incentive program
- Long term incentive programs

## Employees

- Fixed salary
- Short term incentive program
- Long term incentive program for key employees

# NNIT share 2016

Share development January 1 – December 31, 2016



\*Nordic IT peers: Atea, Cybercom, KnowIT, HiQ, Tieto

\*European IT peers: Atos, Bechtle, CapGemini, Devoteam, Gfi Informatique, IndraSistemas, Ordina, Sopra Steria

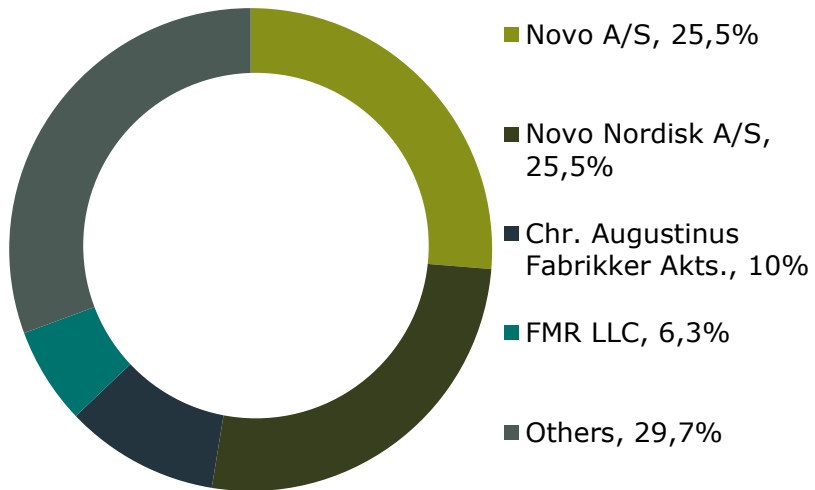
Share price,  
2016 year-end:  
DKK 204

Share appreciation  
during 2016: 8%

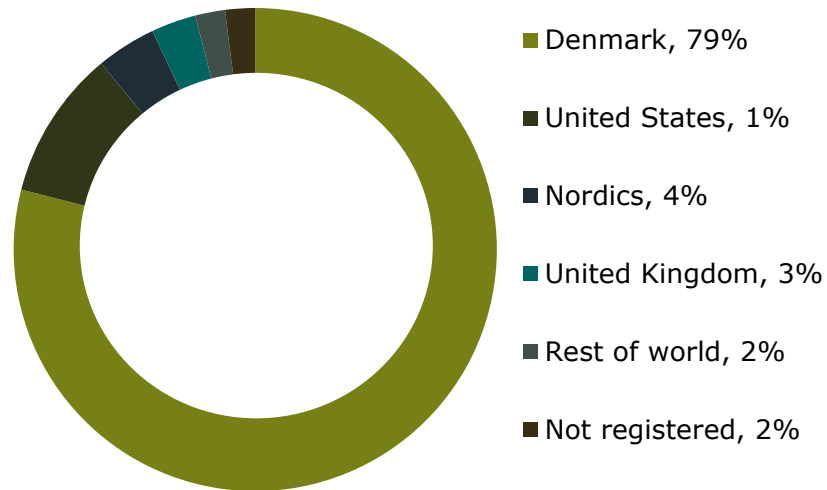
Market capitalization,  
2016 year-end:  
DKK 5,100,000,000

# Shareholder structure 2016

## Shareholder structure by owner



## Shareholder structure by geography



# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Presentation of the annual report

- 2016 in numbers  
CFO Carsten Krogsgaard Thomsen
- Employees  
CEO Per Kogut
- Outlook  
CEO Per Kogut

# 2016 in numbers

Revenue growth  
reported currencies

**2,765 mDKK**

6.3%



Free cash flow

**188 mDKK**

-10.7%



Operating profit

**293 mDKK**

8.8%



Operating profit margin

**10.6%**

0.2pp



Order backlog  
2016

**2,093 mDKK**

3.6%



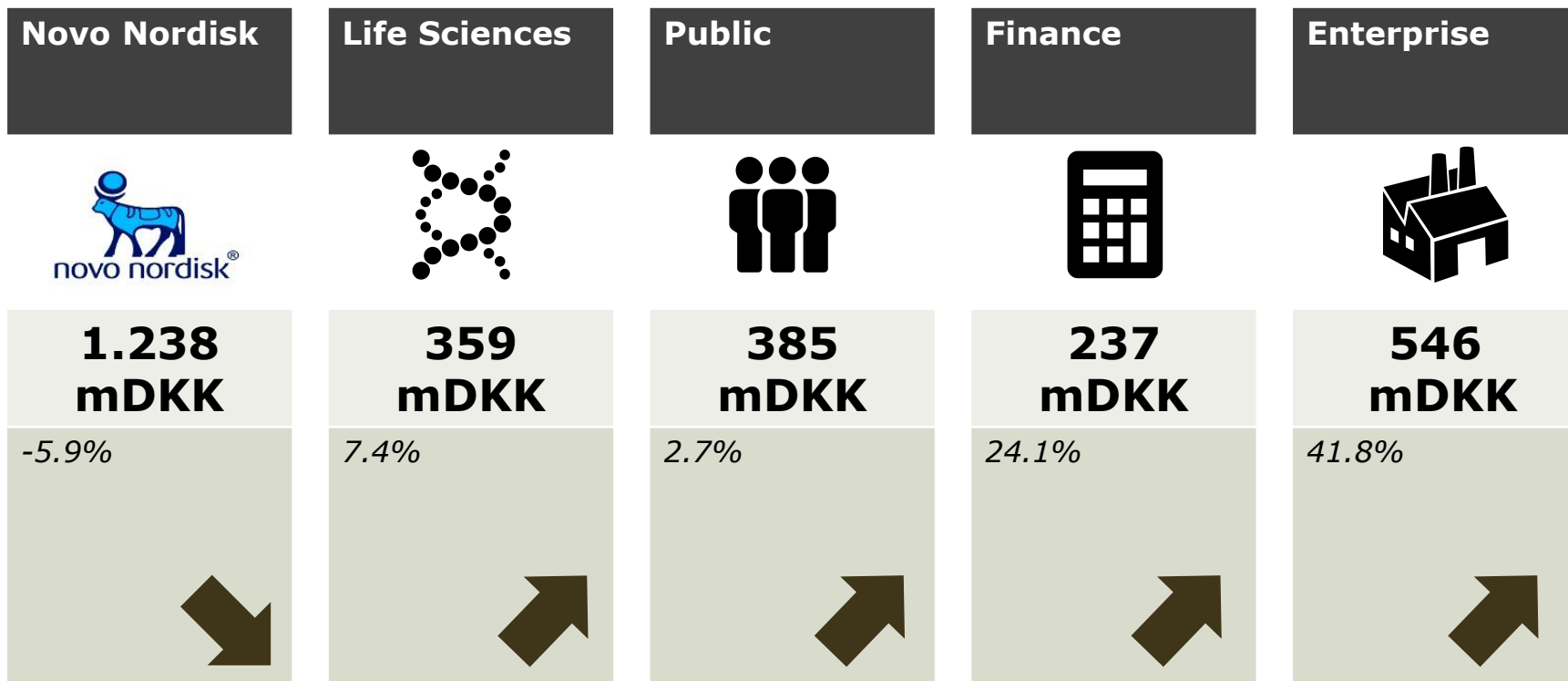
Order backlog  
2017-2018

**1,964 mDKK**

-9.3%



# Revenue split per segment



Employees  
worldwide  
**2,865**

+  
10.7%

Nationalities  
**+55**

Employees with  
master's, PhD's,  
bachelor's or  
other  
professional  
degrees

**75%**

Women

**31%**

Men **69%**



Employee  
satisfaction

**4.3** out of 5



# Outlook

# Market trends



# NNIT strategy

## 2020 Strategy

Support customers of Danish origin with internationalization



Win profitable market share



Increase our share of existing customers' IT spending

Advise on regulated IT for life sciences worldwide



Win new customers

## Supporting pillars

Continue our cost efficiency efforts

Continue to pursue the highest possible customer satisfaction

Enhance our brand and commercial profile

Maintain our vision/culture and enhance our human capital

# Targets and outlook

	Current guidance (2017)	Long term targets
Revenue growth in constant currencies*	1-5%	≥ 5%
Operating profit margin in constant currencies*	Around 10%	≥ 10%
Investments/revenue**	12-14%	

\*Constant currencies measured in average 2016 exchange rates

\*\*Investments including new customer and data center investments are expected to be 12-14% of total revenue of which around 7 percentage-points relate to the data center investment of around DKK 200m in 2017. The total data center investment is expected to be around DKK 250m in the period 2016-2018.

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Distribution of profits

## Proposal of distribution of profits

	DKK
Net profit for the year	225,257,000

## To be distributed as follows:

	DKK
Interim dividend (DKK 2.00 per share)	48.500.000
Ordinary dividend (DKK 2.20 per share)	53.350.000
Retained earnings	123.407.000
<b>Total</b>	<b>225.257.000</b>

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Remuneration of the Board of Directors

The Board of Directors proposes to maintain the same level of remuneration for the Board of Directors in 2017 as in 2016.

However, proposes that travel allowance is paid in DKK instead of EUR and increased from EUR 2,000 (approx. DKK. 15,000) to DKK 18,500:

Chairman (2,5*base fee)	DKK	750,000
Deputy chairman (1,5*base fee)	DKK	450,000
Members (base fee)	DKK	300,000
Chairman of the Audit Committee (additional 0.5*base fee)	DKK	150,000
Member of the Audit Committee (additional 0.25*base fee)	DKK	75,000
Travel allowance (per meeting – only foreign members)	DKK	18,500



# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Election to the Board of Directors I

- The Board of Directors proposes Carsten Dilling be elected new chairman
  - Born 1962
  - Bachelor of Science, Commerce, Int. marketing from Copenhagen Business School
  - Extensive experience as CEO for international companies within IT, technology and tele communication
  - Member of the boards of SAS AB and Maj Invest Investeringskomité
  - Regarded independent



# Election to the Board of Directors II

- The Board of Directors proposes election of Peter Haahr
  - Born in 1968. Danish citizen.
  - MSc in Finance and Accounting from Aarhus School of Business and Executive MBA from IMD
  - Significant role in connection with the IPO of NNIT representing Novo Nordisk. Strong strategic understanding and insight into the life science industry
  - CFO of Novo A/S, Chairman of the Board of Directors of House of Denmark A/S.
  - Not regarded as independent due to Novo A/S' direct and indirect ownership of NNIT A/S.



# Election to the Board of Directors III

- The Board of Directors proposes re-election of
  - John Beck
  - Anne Broeng
  - Eivind Kolding
  - René Stockner



# Election to the Board of Directors IV

NNIT's Board of Directors then consists of:

- Carsten Dilling  
(chairman)
- Peter Haahr  
(deputy chairman)
- John Beck
- Anne Broeng
- Eivind Kolding
- René Stockner
- Alex Steninge Jacobsen  
(employee-elected)
- Anders Vidstrup  
(employee-elected)

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Appointment of auditors

- The Board of Directors proposes re-appointment of auditors PriceWaterhouseCoopers based on the recommendation of the Audit Committee

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Election of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business



# Authorization to buy treasury shares

The Board of Directors asks the general meeting to authorize the Company, in the period until the next Annual General Meeting, to purchase own shares of a total nominal value of 10% of the Company's share capital, subject to a holding limit of 10%, at a price not deviating more than 10% from the listed share price.

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Proposals from the Board of Directors

The Board of Directors proposes

- A. To amend the remuneration principles
- B. That general meetings shall be held in and documents prepared for the use of the general meeting shall be in English and/or in Danish

## A. To amend the remuneration principles I

Proposal for the general meeting to approve the Company's revised Remuneration Principles in order for the existing Launch Incentive Program (LIP) to continue as a Retention Program.

# A. To amend the remuneration principles II

## **Purpose**

- Ensure retention of NNIT management when the Launch Incentive Program (LIP) expires

## **Base principles**

- Self-investment (8 months of salary + pension)
  - Participants can use self-invested shares and RSUs earned from the launch program
- Granted 2 RSUs for each self-invested share
- RSUs conditioned on fulfilment of NNIT long-term targets
  - Failure to meet long-term targets will result in reduction of RSUs
- Lock-up period of 3 years
- Cost of new retention program is estimated to be DKK 19 million over 3 years
- NNIT will acquire treasury shares to hedge the program
  - Cash impact of estimated DKK 19 million in 2017

## B. That general meetings shall be conducted in English and/or Danish

Proposal for the general meeting to resolve that the Board of Directors may decide that going forward general meetings shall be held in and documents prepared for the use of the general meeting shall be in English and/or in Danish.

# Agenda

1. The report of the Board of Directors
2. Presentation of the annual report 2016
3. Distribution of profits
4. Remuneration of the Board of Directors
5. Election of members of the Board of Directors
6. Appointment of auditors
7. Authorization to buy treasury shares
8. Proposals from the Board of Directors
9. Any other business

# Any other business



[www.nnit.com](http://www.nnit.com)

nnit