

**nnit**

# First Quarter Results 2024

May 07 2024



# Agenda

- 1 Q1 2024 highlights incl. regional performance
- 2 Q1 2024 group financial performance & outlook
- 3 Closing remarks and Q&A

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#### FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements, which include estimates of financial performance and targets. These statements are not guarantees of future performance and involve certain risks and uncertainties. Therefore, actual future results and trends may differ materially from what is forecast in this report due to a variety of factors.

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# The strategy “New Beginning” is on track



**SOLID STRATEGIC PROGRESS  
ACROSS THE BOARD**



**GROWING THE BUSINESS IN A  
CHALLENGING ENVIRONMENT**



**SIMPLIFICATION OF THE  
BACKBONE OF NNIT**

# First quarter results ended on an overall level as planned. Full-year outlook maintained

Revenue  
DKKm

463.4

(12.2% growth vs LY)

Organic growth  
%

8.0%

(11.3% Q1 23)

Operating profit  
excl. special items, DKKm

23.9

(DKK 20m Q1 23)

Operating profit margin  
excl. special items, %

5.2%

(4.8% Q1 23)

# Solid growth. Profitability to gradually pick up

## Q1 2024 Financial highlights

REVENUE DKKm

**126.4**

(12.9% vs Q1 23)

ORGANIC GROWTH

**12.2** %

(-9.5% in Q1 23)

GROSS MARGIN

**23.1** %

(24.7% in Q1 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**11.2** %

(14.0% in Q1 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**1.3** %

(1.7% in Q1 23)

## Key highlights



### OVERALL

- Solid start to the year despite macroeconomic headwind, temporary decline in data migration and timing of Easter
- Profitability expected to gradually pick up throughout the year driven by solid order entry and streamlining of the cost base



### REVENUE

- Organic growth was mainly driven by expanding of existing engagements, supported by bringing in new customers



### PROFITABILITY

- Margin dilution compared with last year primarily due to not obtaining leverage on the current cost base as the utilization of billable employees are below target, data migration business is challenged and the timing of Easter

# Slower start to the year. Outlook is promising

## Q1 2024 Financial highlights

REVENUE DKKm

**92.9**

(-6.2% vs Q1 23)

ORGANIC GROWTH

**-5.5** %

(33.9% in Q1 23)

GROSS MARGIN

**38.2** %

(31.4% in Q1 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**19.0** %

(18.3% in Q1 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**6.3** %

(7.2% in Q1 23)

## Key business highlights



### OVERALL

- Two out of three business areas delivered improved performance
- The backlog and pipeline look promising for the rest of year with also the data migration business starting to regain traction



### REVENUE

- Decline in organic growth is a direct result of a struggling data migration business
- Intra quarter, Region US has seen an improved trajectory across its business areas



### PROFITABILITY

- Region US has managed to almost close the profit gap by deliver higher regional margins
- Improved regional profitability is mainly due to increasing repeatable solutions and reduction of subcontractors

# Weak performance. Plan to regain profitability

## Q1 2024 Financial highlights

REVENUE DKKm

**31.9**

(-16.1% vs Q1 23)

ORGANIC GROWTH

**-12.1** %

(18.5% in Q1 23)

GROSS MARGIN

**11.0** %

(5.1% in Q1 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**-5.3** %

(-3.3% in Q1 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**-18.0** %

(-19.2% in Q1 23)

## Key business highlights



### OVERALL

- Weak performance has led to further mitigating actions taken to regain profitability
- Manning reduced by more than 40 people to right size to the current worsened market demand whilst other SG&A costs have been lowered as well



### REVENUE

- Organic growth negatively impacted by the sluggish macro situation in China leading to low demand for external support



### PROFITABILITY

- Margin directly impacted by revenue shortfall
- The cost base has been significantly lowered in Q1 2024 vs Q1 2023, and will be further reduced during the year
- Full savings effect is already from Q2, however, full run-rate effect expected in H2 2024

# Strong start to the year

## Q1 2024 Financial highlights

REVENUE DKKm

**212.3**

(29.4% vs Q1 23)

ORGANIC GROWTH

**18.0** %

(16.3% in Q1 23)

GROSS MARGIN

**27.1** %

(30.4% in Q1 23)

REGIONAL OPERATING PROFIT MARGIN excl. SI

**22.6** %

(23.7% in Q1 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**10.4** %

(10.5% in Q1 23)

## Key business highlights



### OVERALL

- Continued strong momentum with all business areas including SCALES experiencing improved performance despite of the timing of Easter



### REVENUE

- Strong organic growth of 18.0% with especially the Public business performing very well supported by the private space



### PROFITABILITY

- Flat margin development compared with last year, however, profit increased by DKK 4.9m to DKK 22.1m
- Besides the negative margin impact coming from the timing of Easter, a material number of billable employees has been allocated to internal projects such as the IT separation from Aeven deleveraging the cost base

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1

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3

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# Financial performance in line with plan

## Q1 2024 Financial highlights

REVENUE DKKm

**464.3**

(12.2% vs Q1 23)

ORGANIC GROWTH

**8.0** %

(11.3% in Q1 23)

GROSS MARGIN

**27.1** %

(26.8% in Q1 23)

GROUP OPERATING PROFIT excl. SI

**23.9**

(20 in Q1 23)

GROUP OPERATING PROFIT MARGIN excl. SI

**5.2** %

(4.8% in Q1 23)

## Key business highlights



### OVERALL

- Scattered performance across regions, however, performance in line with plan
- Revenue and profitability planned to gradually improve throughout the year supported by a solid backlog and pipeline
- An accrual made in relation to the divestment last year has been reassessed with an impact on special items of DKK 20m



### REVENUE

- Organic growth driven by Region Denmark and Region Europe, partly offset by Region US and Region Asia
- Performance implicated by a challenging macroeconomic environment, timing of Easter and the data migration business



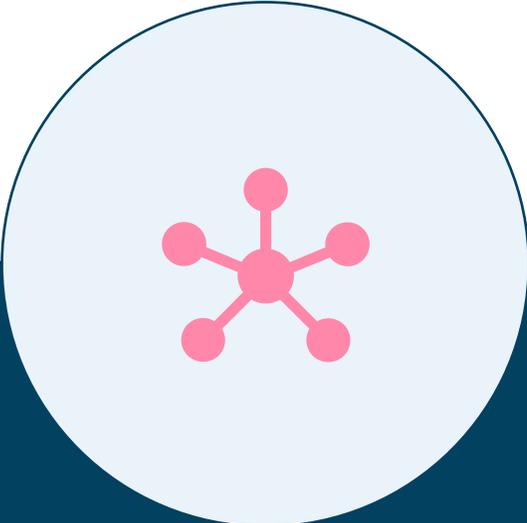
### PROFITABILITY

- Earnings and profitability grew driven by higher revenue and cost reductions which is a continued focus to become more efficient

# Stepwise improving the business to drive profitable growth



**IMPLEMENTING NEW  
SYSTEMS**



**IMPROVING THE  
OPERATING MODEL**



**RELOCATING  
OFFICES**



**These efforts are key levers to positively improve the profitability and to deliver on both the short-term and 2026 ambitions**

# Full-year 2024 financial outlook maintained



**~10%**

**ORGANIC REVENUE GROWTH**



**8-9%**

**GROUP OPERATING  
PROFIT MARGIN EXCL. SPECIAL ITEMS**

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# Closing remarks



**SOLID STRATEGIC PROGRESS  
ACROSS THE BOARD**



**Q1 2024 PERFORMANCE IN LINE  
PLAN ON AN OVERALL LEVEL**



**FY 2024 OUTLOOK  
MAINTAINED**

# Q&A

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# APPENDIX



# The NNIT investment case

NNIT will grow its existing business utilizing its core assets alongside increasing profitability. Further opportunities to grow through M&A supported by robust balance sheet

## 01 | GROWTH



Well-positioned in globally attractive markets with **ample growth opportunities**

## 02 | PROFITABILITY



Leveraging existing assets and reducing cost base will **lift profitability**

## 03 | BALANCE SHEET



Poised for growth with **robust balance sheet** and leverage ratio of 0-1x

## 04 | M&A



Build on solid track record of acquiring and integrating companies to **accelerate growth through M&A**

# Key assumptions

The financial aspirations for 2026 are based on assumptions of relatively stable market conditions and supplemented by annual guidance

## TIME HORIZON



The aspirations cover the strategy period

**2023 to 2026**

## BASELINE



The baseline for the aspirations is the current **FY 2023 outlook**

## COST INFLATION



Able to **alleviate** impact of salary and cost inflation through pricing actions

## INDUSTRY DEVELOPMENT



Our markets are expected to grow by **~8% CAGR**

## MACROECONOMY



**No deterioration** of the global economy and stable exchange rates

# Financial aspirations towards 2026



**~10%**  
**CAGR**

**ORGANIC REVENUE GROWTH**



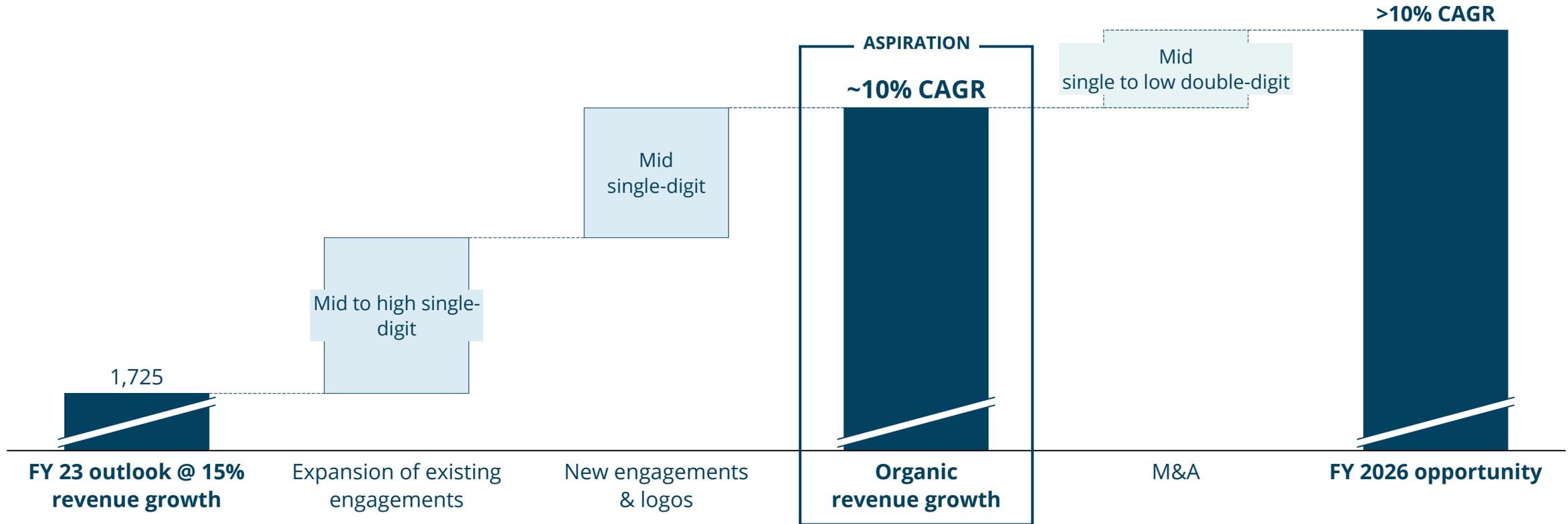
**~10-13%**

**YEARLY AVERAGE GROUP OPERATING  
PROFIT MARGIN BEFORE SPECIAL ITEMS**

# Opportunities for profitable growth

NNIT operates in globally attractive markets with opportunities to grow within existing playing field

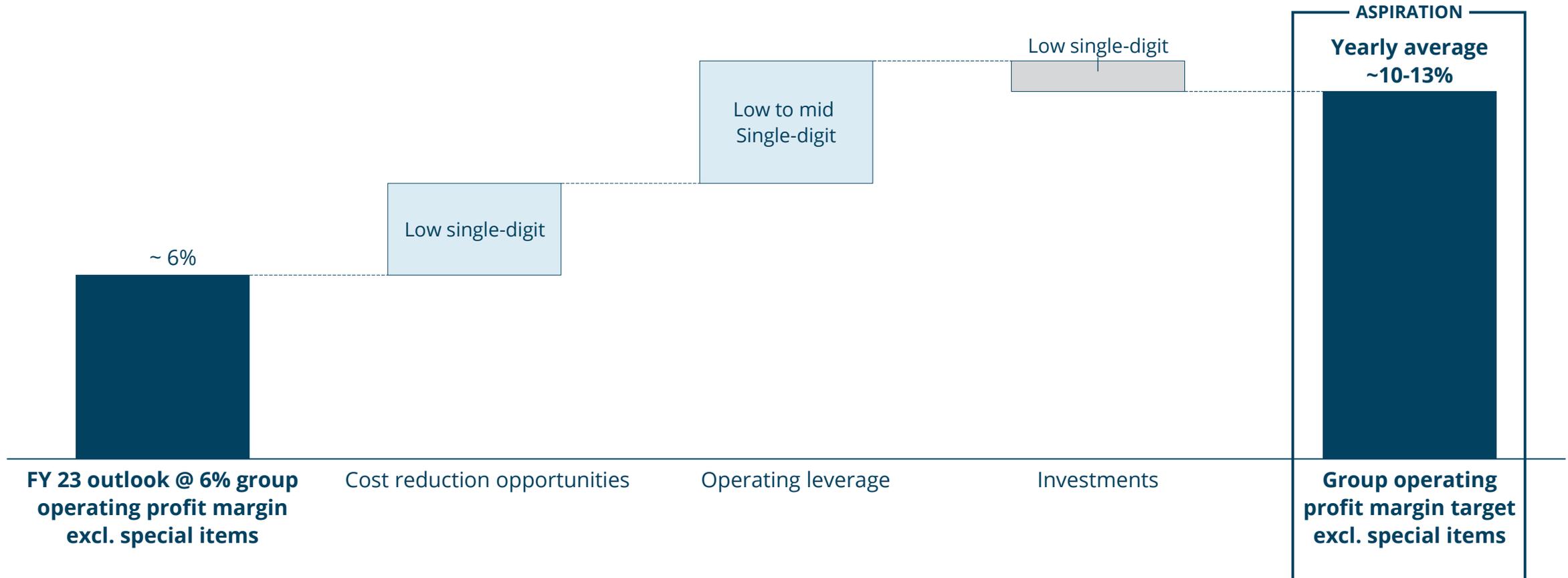
Mid-term revenue aspiration, %



# Margin expansion driven by leverage on cost base

Leveraging existing assets and reducing cost base will lead to margin expansion

*Mid-term Group operating profit margin excl. special items aspiration, %*



# Our future state

In 2026, we are an industry leading employer and solution provider specialized in international life science and the Danish Public market



**Industry-leading employer**  
with strong attraction, retention  
and employee development



A truly **international company** driven by strong  
regions and an international  
management team



A **commercially savvy**  
company where everyone acts  
as commercial leaders



A **leading international life sciences** solution provider  
within R&D, Manufacturing,  
Quality and Commercial areas



A **Public Denmark specialist**  
driven by our customized  
application expertise

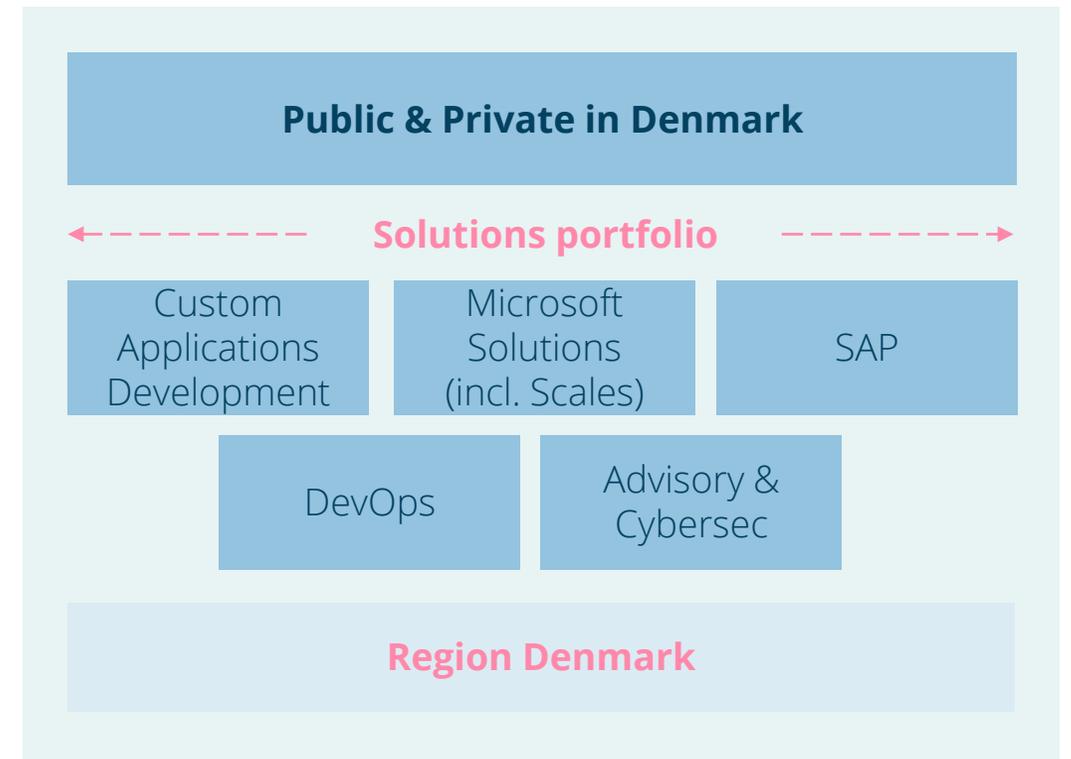
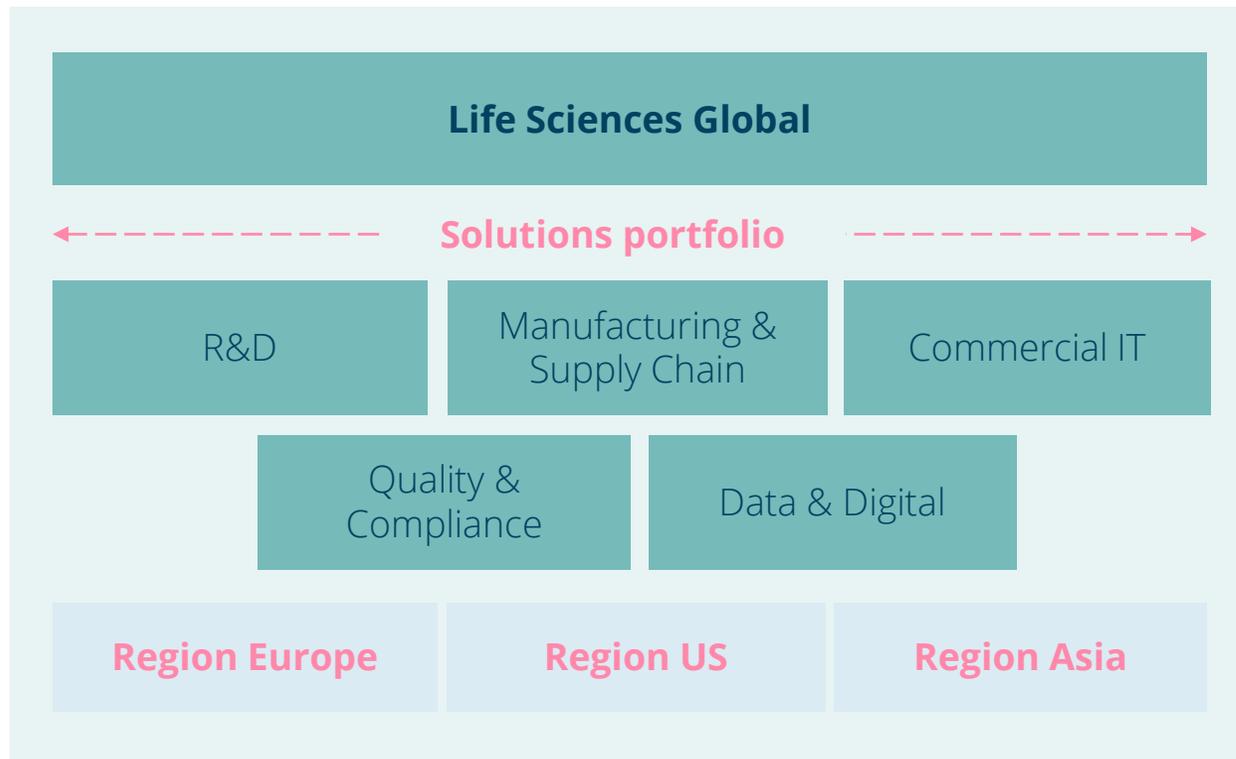


**Easy to deal with** due to  
future-fit systems and  
processes

# Business approach

Together with our customers and partners, we bring digital transformation to life and make a mark. We target industries where regulatory demands, high complexity and quality of life is at play

Our solutions portfolio delivers a strong value proposition to specific customer needs with regional execution



# Focus towards 2026

## OUTGROWING THE MARKET



We aspire to **grow faster than the market** i.e. take market shares

## DOMAIN FOCUS



**Building domain and tech competencies** in selected parts of the global life sciences value chain and the Danish Public sector

## REPEATABILITY



Continued investments in bringing new **repeatable services** to the market

## INTERNATIONAL MINDSET



New organization catering to **regional autonomy** to meet local market needs

## ACQUISITIONS



**Focused M&A approach** to support our new strategy

# Group P&L

NNIT A/S DKKm	Quarterly performance					FY performance	
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY23	FY22
<b>Revenue</b>	<b>463</b>	<b>438</b>	<b>453</b>	<b>424</b>	<b>413</b>	<b>1,728</b>	<b>1,500</b>
Production cost	338	330	329	321	302	1,283	1,092
<b>Gross profit</b>	<b>126</b>	<b>108</b>	<b>124</b>	<b>103</b>	<b>111</b>	<b>445</b>	<b>408</b>
<i>Gross margin</i>	<i>27.1%</i>	<i>24.6%</i>	<i>27.3%</i>	<i>24.3%</i>	<i>26.8%</i>	<i>25.8%</i>	<i>27.2%</i>
Regional overhead cost	48	30	44	44	40	157	166
<b>Regional operating profit</b>	<b>78</b>	<b>78</b>	<b>80</b>	<b>59</b>	<b>71</b>	<b>288</b>	<b>242</b>
<i>Regional operating profit margin</i>	<i>16.9%</i>	<i>17.8%</i>	<i>17.6%</i>	<i>13.9%</i>	<i>17.1%</i>	<i>16.6%</i>	<i>16.1%</i>
Corporate cost	54	32	54	36	51	172	248
<b>Group operating profit excl. special items</b>	<b>24</b>	<b>46</b>	<b>26</b>	<b>23</b>	<b>20</b>	<b>116</b>	<b>-7</b>
<i>Group operating profit margin excl. special items</i>	<i>5.2%</i>	<i>10.6%</i>	<i>5.8%</i>	<i>5.4%</i>	<i>4.8%</i>	<i>6.7%</i>	<i>-0.5%</i>
Special items	-11	9	16	30	14	69	278
<b>Group operating profit incl. special items</b>	<b>35</b>	<b>37</b>	<b>10</b>	<b>-5</b>	<b>6</b>	<b>49</b>	<b>-285</b>
<i>Group operating profit margin incl. special items</i>	<i>7.6%</i>	<i>8.6%</i>	<i>2.3%</i>	<i>-1.2%</i>	<i>1.5%</i>	<i>2.8%</i>	<i>-19.0%</i>

# Region Europe P&L

Region Europe DKKm	Quarterly performance					FY performance	
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY23	FY22
<b>Revenue</b>	<b>126</b>	<b>109</b>	<b>125</b>	<b>119</b>	<b>112</b>	<b>465</b>	<b>468</b>
Production cost	97	65	88	93	84	330	364
<b>Gross profit</b>	<b>29</b>	<b>44</b>	<b>38</b>	<b>26</b>	<b>28</b>	<b>135</b>	<b>103</b>
<i>Gross margin</i>	23.1%	40.4%	30.1%	21.8%	24.7%	29.1%	22.0%
Regional overhead cost	15	15	16	14	12	57	63
<b>Regional operating profit</b>	<b>14</b>	<b>29</b>	<b>22</b>	<b>12</b>	<b>16</b>	<b>79</b>	<b>40</b>
<i>Regional operating profit margin</i>	11.2%	26.6%	17.6%	10.0%	14.0%	16.9%	8.5%
Corporate cost	13	9	15	10	14	47	74
<b>Group operating profit excl. special items</b>	<b>2</b>	<b>20</b>	<b>7</b>	<b>2</b>	<b>2</b>	<b>32</b>	<b>-34</b>
<i>Group operating profit margin excl. special items</i>	1.3%	18.8%	6.1%	1.9%	1.7%	6.9%	-7.3%

# Region US P&L

Region US DKKm	Quarterly performance					FY performance	
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY23	FY22
<b>Revenue</b>	<b>93</b>	<b>91</b>	<b>94</b>	<b>103</b>	<b>99</b>	<b>387</b>	<b>311</b>
Production cost	57	61	58	66	68	252	225
<b>Gross profit</b>	<b>35</b>	<b>30</b>	<b>36</b>	<b>37</b>	<b>31</b>	<b>135</b>	<b>86</b>
<i>Gross margin</i>	38.2%	33.1%	38.5%	36.3%	31.4%	34.8%	27.7%
Regional overhead cost	18	11	16	14	14	55	34
<b>Regional operating profit</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>23</b>	<b>18</b>	<b>81</b>	<b>52</b>
<i>Regional operating profit margin</i>	19.0%	21.3%	21.3%	22.7%	18.3%	20.9%	16.7%
Corporate cost	12	7	12	8	11	37	61
<b>Group operating profit excl. special items</b>	<b>6</b>	<b>12</b>	<b>8</b>	<b>16</b>	<b>7</b>	<b>43</b>	<b>-9</b>
<i>Group operating profit margin excl. special items</i>	6.3%	13.5%	8.5%	14.9%	6.9%	11.2%	-2.9%

# Region Asia P&L

Region Asia DKKm	Quarterly performance					FY performance	
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY23	FY22
<b>Revenue</b>	<b>32</b>	<b>32</b>	<b>37</b>	<b>36</b>	<b>38</b>	<b>144</b>	<b>157</b>
Production cost	28	31	33	35	36	135	134
<b>Gross profit</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>9</b>	<b>22</b>
<i>Gross margin</i>	<i>11.0%</i>	<i>5.5%</i>	<i>11.2%</i>	<i>2.8%</i>	<i>5.1%</i>	<i>6.2%</i>	<i>14.0%</i>
Regional overhead cost	5	3	3	4	3	13	12
<b>Regional operating profit</b>	<b>-2</b>	<b>-1</b>	<b>1</b>	<b>-2</b>	<b>-1</b>	<b>-3</b>	<b>12</b>
<i>Regional operating profit margin</i>	<i>-5.3%</i>	<i>-2.6%</i>	<i>2.9%</i>	<i>-5.5%</i>	<i>-2.8%</i>	<i>-2.0%</i>	<i>7.6%</i>
Corporate cost	4	3	4	3	4	14	25
<b>Group operating profit excl. special items</b>	<b>-6</b>	<b>-3</b>	<b>-3</b>	<b>-5</b>	<b>-5</b>	<b>-17</b>	<b>-13</b>
<i>Group operating profit margin excl. special items</i>	<i>-18.0%</i>	<i>-10.7%</i>	<i>-9.1%</i>	<i>-13.9%</i>	<i>-13.9%</i>	<i>-11.9%</i>	<i>-8.3%</i>

# Region Denmark P&L

Region DK DKKm	Quarterly performance					FY performance	
	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	FY23	FY22
<b>Revenue</b>	<b>212</b>	<b>206</b>	<b>196</b>	<b>166</b>	<b>164</b>	<b>732</b>	<b>564</b>
Production cost	155	174	150	127	114	566	369
<b>Gross profit</b>	<b>58</b>	<b>32</b>	<b>46</b>	<b>39</b>	<b>50</b>	<b>166</b>	<b>195</b>
<i>Gross margin</i>	<i>27.1%</i>	<i>15.5%</i>	<i>23.3%</i>	<i>23.3%</i>	<i>30.4%</i>	<i>22.7%</i>	<i>34.6%</i>
Regional overhead cost	10	1	9	12	11	33	57
<b>Regional operating profit</b>	<b>48</b>	<b>31</b>	<b>37</b>	<b>28</b>	<b>39</b>	<b>134</b>	<b>138</b>
<i>Regional operating profit margin</i>	<i>22.6%</i>	<i>14.9%</i>	<i>18.8%</i>	<i>16.7%</i>	<i>23.7%</i>	<i>18.3%</i>	<i>24.5%</i>
Corporate cost	26	13	23	15	22	73	89
<b>Group operating profit excl. special items</b>	<b>22</b>	<b>17</b>	<b>14</b>	<b>12</b>	<b>17</b>	<b>61</b>	<b>49</b>
<i>Group operating profit margin excl. special items</i>	<i>10.4%</i>	<i>8.4%</i>	<i>7.2%</i>	<i>7.5%</i>	<i>10.6%</i>	<i>8.3%</i>	<i>8.7%</i>

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