

INTERIM REPORT

THIRD QUARTER 2016

CEO ARNE MJØS
CFO BENT HAMMER

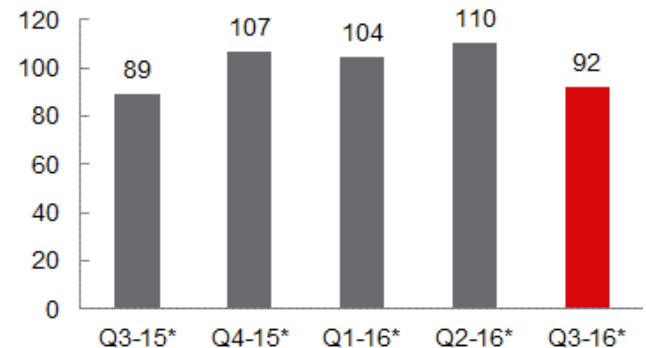
OSLO, 19 OCTOBER 2016

Highlights of the third quarter

- Revenue
 - NOK 92 million
 - Pro forma growth of 3% y-o-y
- EBITDA
 - EBITDA of NOK 11.0 (11.1) million, 12.0% (12.5%) margin
- EBIT
 - EBIT before non-recurring items of NOK 6.3 (6.4) million, 6.9% (7.2) margin
- Significant events
 - Double-digit nearshore growth
 - 9% growth of top 30 customers
 - NOK 4.4 million cash from operations
- Additional dividend
 - NOK 0.15 per share

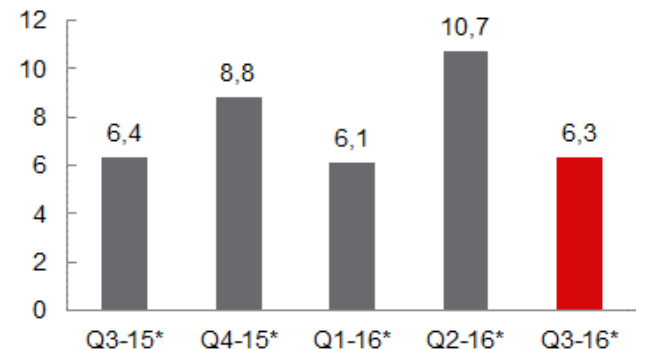
Revenues

NOK million



EBIT

NOK million



* Pro forma

FINANCIAL REVIEW

Key figures

NOK Million	2016 Q3	2015* Q3	Change*	2016 YTD	2015* YTD	Change*	2015* FY
Operating revenue	91.8	88.7	3.4 %	307.5	287.7	6.3 %	394.2
Gross profit	79.2	76.1	4.1 %	262.7	245.2	6.7 %	335.6
EBITDA	11.0	11.1	-0.9 %	37.1	31.9	18.1 %	46.1
EBITDA margin	12.0 %	12.5 %	-0.5 pts	12.1 %	11.1 %	1.2 pts	11.7 %
EBIT before non-recurring items	6.3	6.4	-0.3 %	22.5	17.6	32 %	26.4
EBIT margin before non-recurring	6.9 %	7.2 %	-0.3 pts	7.3 %	6.1 %	1.5 pts	6.7 %
EBIT	6.3	6.4	-0.3 %	20.9	13.9	51.5 %	22.7
EBIT margin	6.9 %	7.2 %	-0.3 pts	6.8 %	4.8 %	2 pts	5.7 %
Net cash flow from operations	4.4	5.3	-18 %	11.6	-9.3	224 %	20.8
Cash and cash equivalents	51.6	53.8	-4 %	51.6	53.8	-4 %	68.4
Equity ratio	30 %	32 %	-2.4 pts	30 %	32 %	-2.4 pts	25 %
Employees at end of period	387	378	2.3 %	387	378	2.3 %	381
Employees in average	378	374	1.1 %	382	378	-0.2 %	383

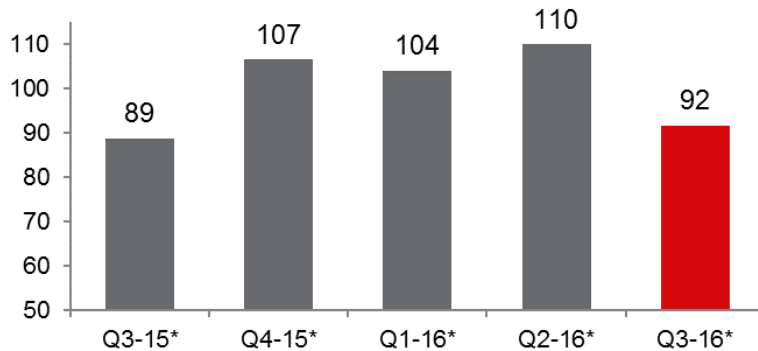
* Figures are pro forma for continuing operations

- **Double-digit growth in nearshore business.**
- **Profitability marginally lower in Q3, but 51% higher year-to-date**
- **Strong equity ratio and cash position**

Quarterly development

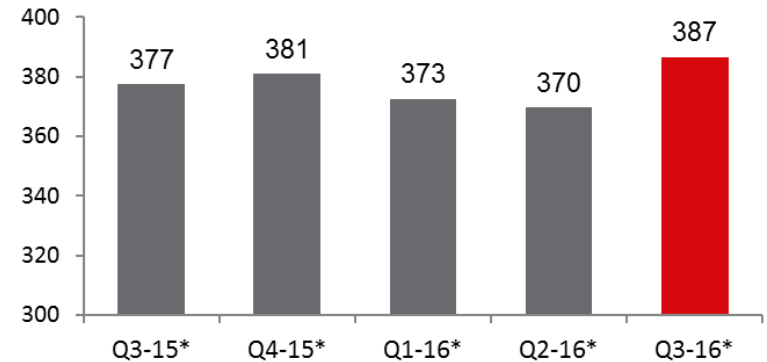
Operating revenue

NOK million



Employees

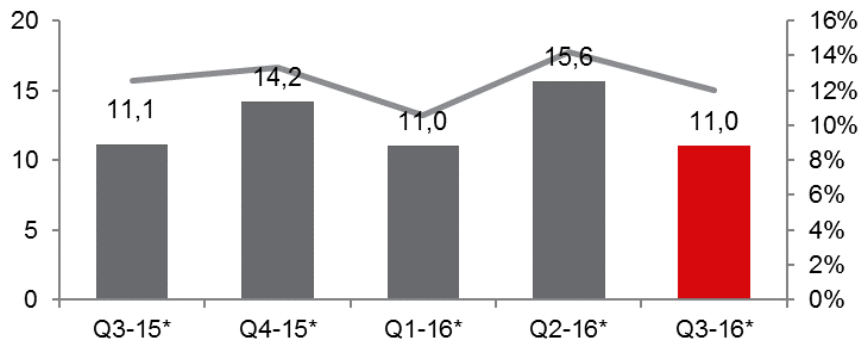
End of period



EBITDA

NOK million

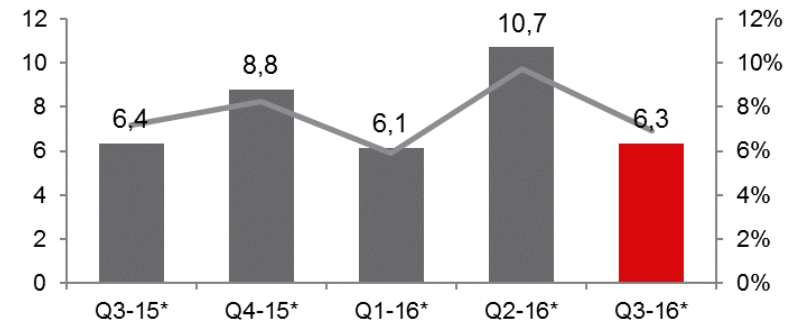
Margin



EBIT

NOK million

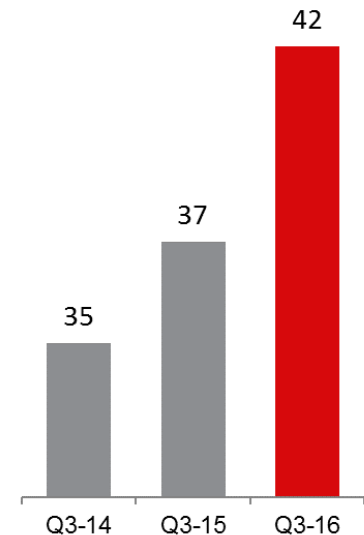
Margin



Statement of cash flow

NOK Million	2016 Q3	2015 Q3	2016 YTD	2015 YTD	2015 FY
Cash flow from operations (EBITDA)	11.0	9.3	37.1	26.9	46.1
Change in balance sheet items	-6.7	-4.0	-25.5	-36.2	-25.3
Net cash flow from operating activities	4.4	5.3	11.6	-9.3	20.8
Net cash flow from investment activities	-3.3	6.8	-9.3	1.7	1.3
Purchase of own shares	0.0	-0.1	-3.6	-0.1	-0.5
Borrowings repaid	-2.1	-2.1	-6.4	-5.8	-8.3
External dividend paid	0.0	0.0	-9.7	0.0	-12.3
Net cash flow from financing activities	-2.1	-2.2	-19.7	-5.9	-21.0
Net change in bank deposits and cash	-1.0	10.0	-17.4	-13.5	1.1
Bank deposits at the end of the period	51.6	53.8	51.6	53.8	68.4
New borrowing related to leasing	1.8	0.0	5.2	2.0	14.8

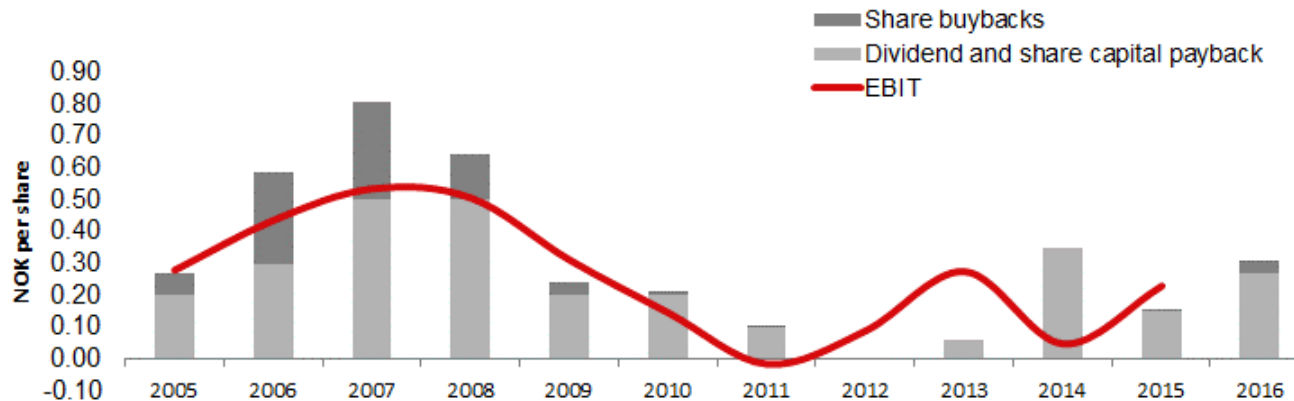
12 month rolling cash flow from operations



- Cash flow from operations NOK 4,4 million in Q3
- 12 month rolling cash flow from operations was NOK 42 million

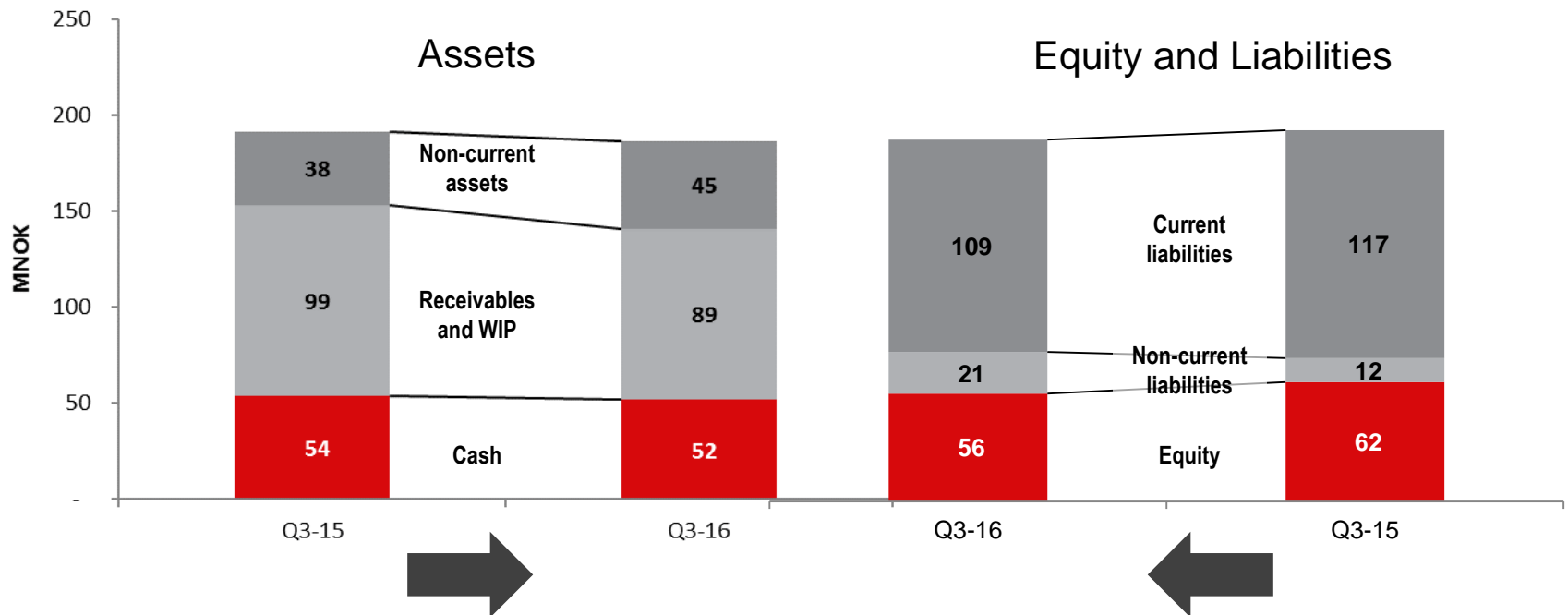
Dividends

- No dividend was paid out in Q3
- 0 own shares were bought in Q3. Current holding is 965 445 shares
- The Board has decided to pay out an additional dividend of NOK 0.15 per share in Q4
- Total distribution to shareholders of NOK 3.74 per share 2005-16



Statement of financial position

- Group equity ratio of 30 (32) % per September 30
- Cash balance of MNOK 52 (54)



BUSINESS REVIEW

We are entering the era of digital business

“ By 2020, information will be used to

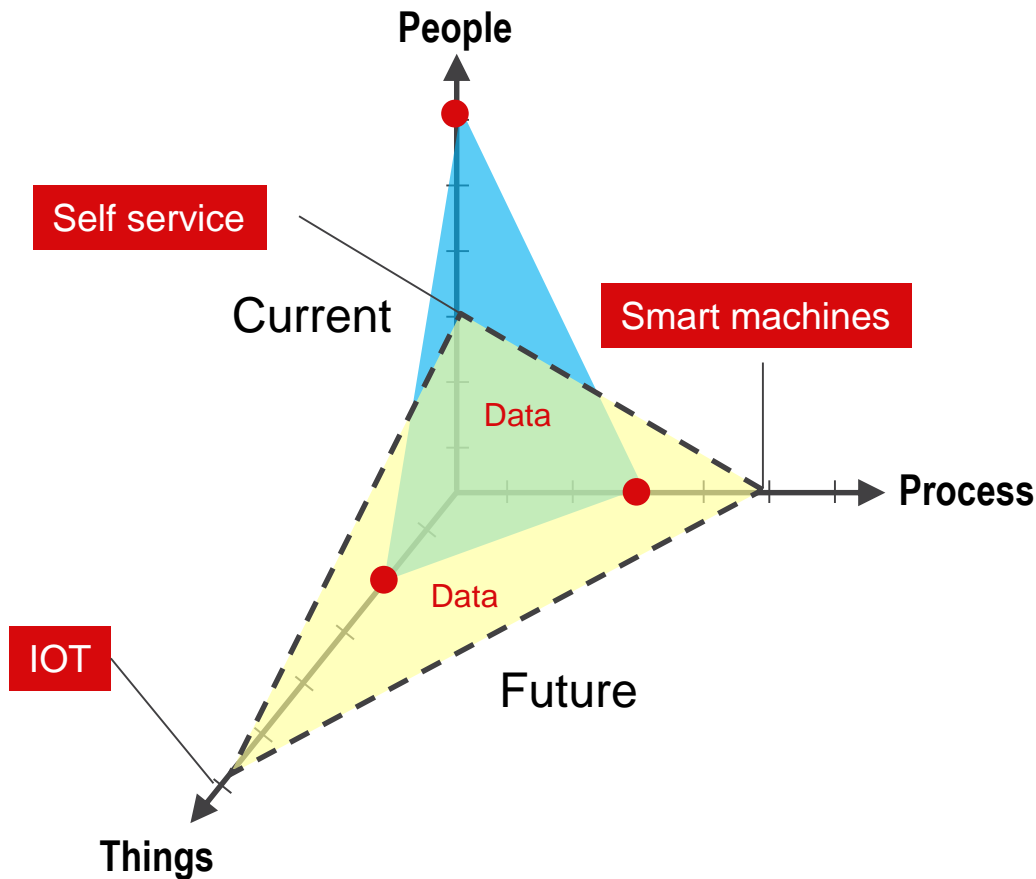
reinvent,
digitalize, or
eliminate

80%

of business processes and products
from a decade earlier. ”

Source: Gartner

Self-service, smart machines and things are creating massive changes in all sectors



Compared to 2015, the data volume will grow by 8 times in 2020 and 35 times in 2025.

Billions of devices are coming online

In 2020

25-50
Billion
connected
devices

250 M



Connected
vehicles

410 M



Wearable
devices sold

500-700 M



Connected
homes

9.7 B



Connected "things"
within cities

Compared to 2015, the data volume will grow by 8 times in 2020 and by 35 times in 2025.

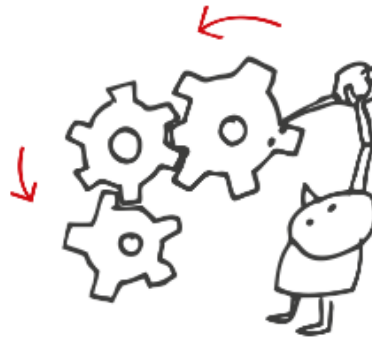
Source: 3rd Party Research firms

Itera provides the full scope of capabilities to bring our customers through digital transformation

We focus on our **customer's customers** through service design and lean startup



We work in **project teams** that have both **communication and technology skills**



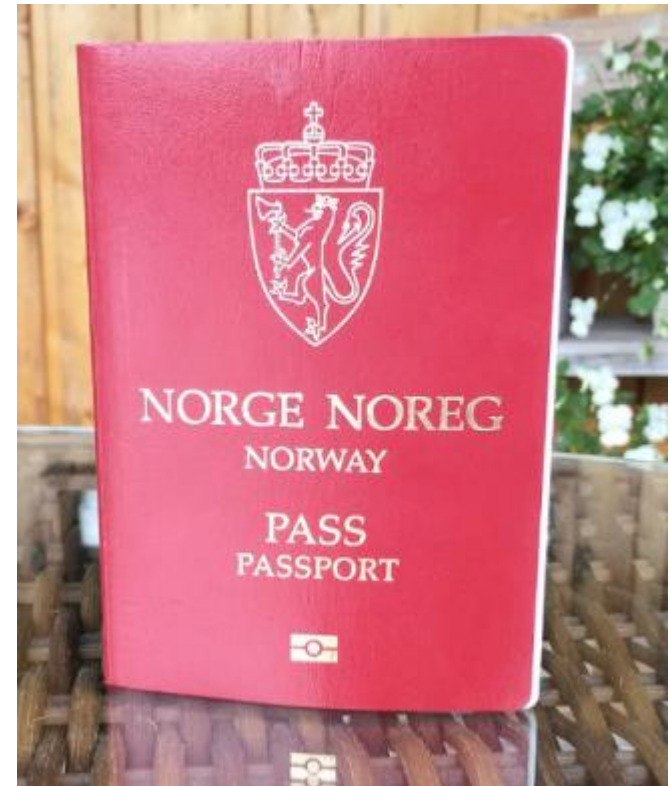
We take **life-cycle responsibility** that also embrace **cloud and data protection issues**



We involve **seamless nearshoring** for greater scalability and cost effectiveness

Building strategic partnership to win larger agreements in the public sector

- Norway chooses Gemalto's fully integrated solution for eID and third generation ePassport
- The solutions will orchestrate all the steps of the citizen application from biometric enrollment to the issuance, delivery and post-issuance of the document.
- Contract value is estimated to NOK 1,5 Billion over 8 years, where Itera is selected as subcontractor to Gemalto



Order intake in Q3 from existing and new customers



GJENSIDIGE



Íslandsbanki



eika.

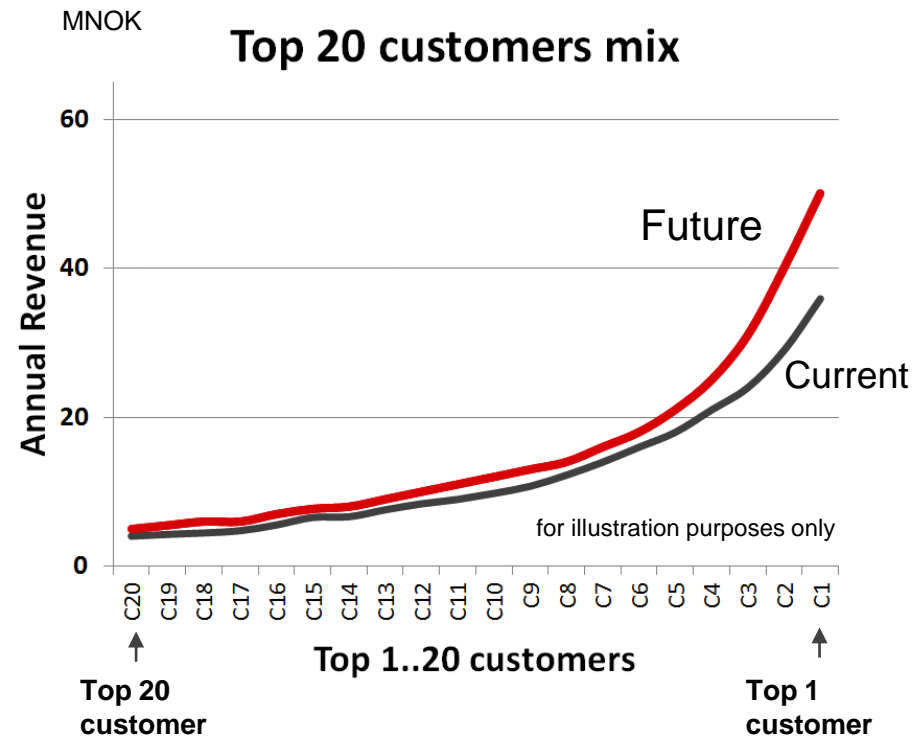


Book-to-bill ratio¹⁾ of 0.8 in Q3 2016.

1) The **book-to-bill ratio** is the ratio of orders received to the amount of revenue for a specific period for Itera units

Developing larger projects and higher revenue per customer

- Revenue from top 30 customers up by 9 % in Q2
 - Top 10: 52 % of total revenue
 - Top 20: 67 % of total revenue
 - Top 30: 75 % of total revenue
- Benefits:
 - Increased revenue visibility
 - Improved operational efficiency
 - Lower sales and overhead costs



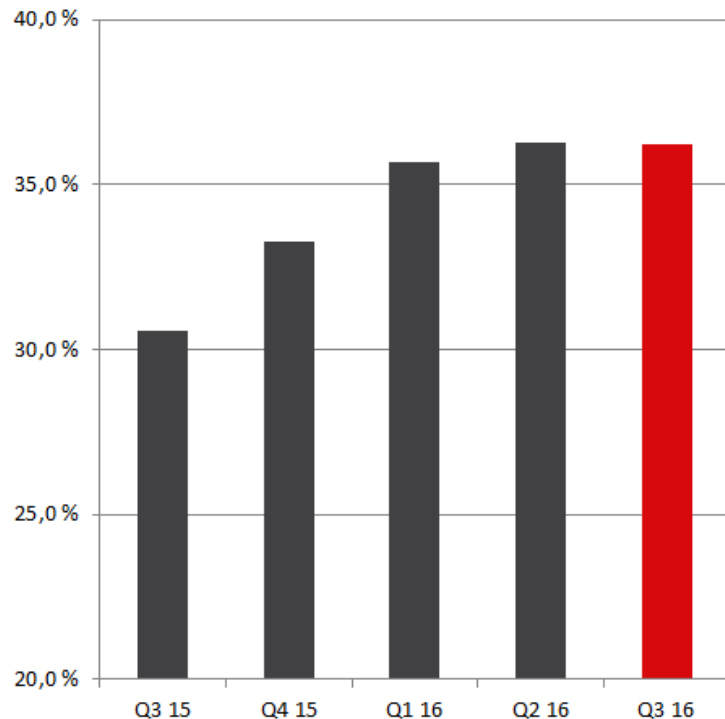
We are approaching our target: several customers are likely to spend more than NOK 50 million per year on services from Itera.



Nearshore ratio development

- Nearshore ratio of 36 % in Q3
- Improving sales pipeline of larger engagements
- Target is for the nearshore ratio to be in excess of 50 %
- Mixed teams are increasing our price flexibility as well as providing access to a very large resource pool

Nearshore ratio
% of all staff located nearshore



OUTLOOK

Outlook

- Customer demand remains strong in all Nordic markets
 - Profitable growth and cash flow are key focus areas
 - Larger projects and customers expected to continue to increase revenue visibility, efficiency and scalability
-
- Itera does not provide guidance to the market on future prospects

itera

MAKE A DIFFERENCE

Top 20 shareholders

ISIN: NO0010001118

Name: ITERA ASA

Security type: AK

Date: 18.10.2016

20 rader [Lagre til fil](#) [Excel](#)

Holding ▾	Percentage ↕	Name ↕	Account type ↕	Citizenship ↕
19,518,298	23.75	ARNE MJØS INVEST AS		NOR
5,926,754	7.21	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
4,340,481	5.28	OP CAPITAL AS		NOR
2,870,000	3.49	EIKESTAD A/S		NOR
2,615,000	3.18	SEPTIM CONSTULTING A		NOR
2,592,500	3.15	GIP AS		NOR
2,282,698	2.78	BOINVESTERING AS		NOR
2,200,000	2.68	JØSYRA INVEST AS		NOR
2,068,787	2.52	GAMST INVEST AS		NOR
2,031,588	2.47	MARXPIST INVEST AS		NOR
1,841,955	2.24	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,500,000	1.83	MIDELFART INVEST AS		NOR
1,000,000	1.22	FRAMAR INVEST AS		NOR
965,455	1.17	ITERA ASA		NOR
900,000	1.10	AANESTAD PANAGRI AS		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI		NOR
600,000	0.73	ALTEA PROPERTY DEVEL		NOR
545,000	0.66	NYVANG JETMUND GUNNAR		NOR
521,270	0.63	SÆTRANG MORTEN		NOR
520,000	0.63	GRØSLAND KIM-KJETIL		NOR
55,439,786	67.45			