

INTERIM REPORT

FOURTH QUARTER 2015

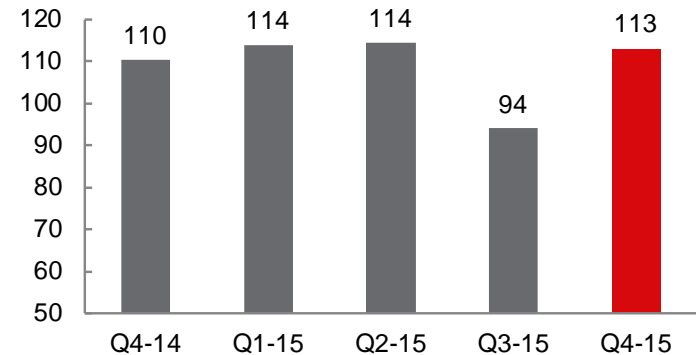
CEO ARNE MJØS
CFO BENT HAMMER

OSLO, 19 FEBRUARY 2016

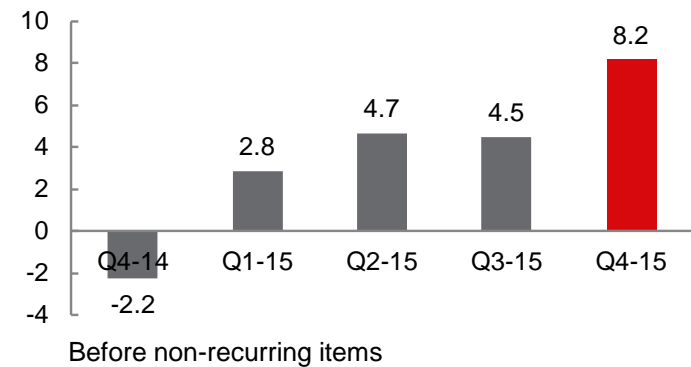
Highlights of the fourth quarter

- Pro forma revenue growth of 11%
- Revenue NOK 113 million
- Improved EBITDA of NOK 13.6 million, 12.0% margin
- Improved EBIT before non-recurring items of NOK 8.2 million, 7.2% margin
- Significant growth and profitability improvement in Norway and Denmark
- Double-digit nearshore growth
- Solid growth of Nordic customers across borders
- Decision to close non-profitable stand-alone consultancy unit in Sweden
- Cash flow from operations of NOK 30.1 million

Revenues
NOK million



EBIT
NOK million



FINANCIAL REVIEW

Key figures

NOK Million	2015 Q4	2014 Q4	2015* Q4	2014* Q4	2015 FY	2014 FY	2015* FY	2014* FY
Operating revenue	113.1	110.4	106.6	95.8	435.4	439.8	394.2	379.5
Gross profit	94.7	91.8	90.4	80.9	365.0	363.9	335.6	318.9
EBITDA	13.6	3.1	14.2	6.0	40.5	25.2	46.1	31.2
EBITDA margin	12.0 %	2.8 %	13.3 %	6.3 %	9.3 %	5.7 %	11.7 %	8.2 %
EBIT before non-recurring items	8.2	-2.2	8.8	1.0	20.1	3.8	26.4	11.0
EBIT margin before non-recurring	7.2 %	-2.0 %	8.3 %	1.1 %	4.6 %	0.9 %	6.7 %	2.9 %
EBIT	8.5	-5.9			18.8	0.2		
EBIT margin	7.5 %	-5.3 %			4.3 %	0.0 %		
Net cash flow from operations	30	47			21	46		
Cash and cash equivalents	68	67			68	67		
Equity ratio	25 %	26 %			25 %	26 %		
Employees at end of period	400	445	381	384	400	445	381	384
Employees in average	401	453	380	389	425	453	383	389

* Figures are pro forma for continued business

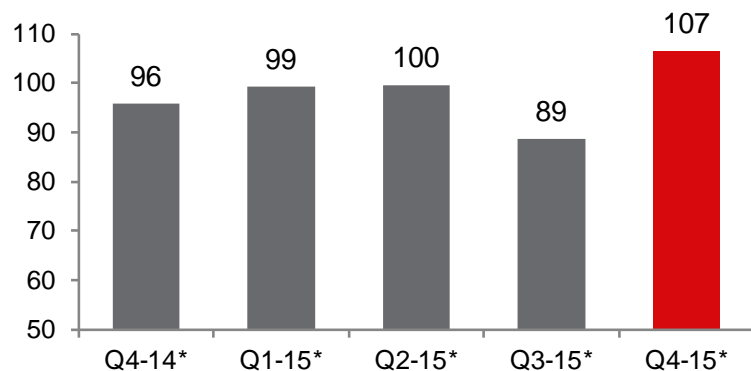


- Norway grew by 13% in Q4 and by 7% for the year
- Significantly improved profitability

Quarterly development (pro forma)

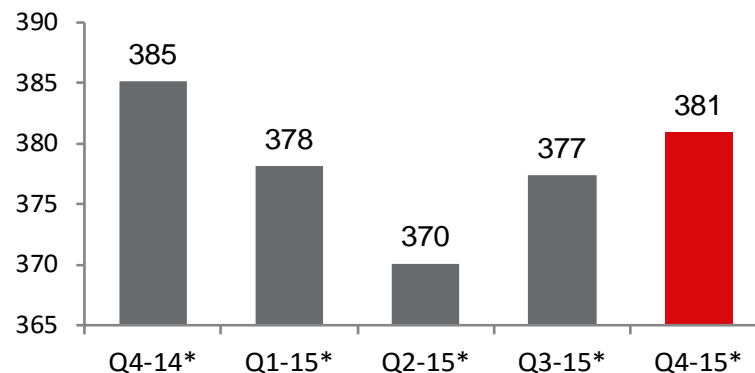
Operating revenue

NOK million



Employees

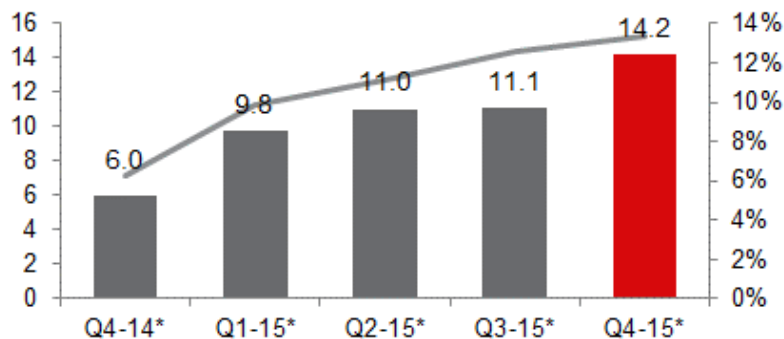
End of period



EBITDA

NOK million

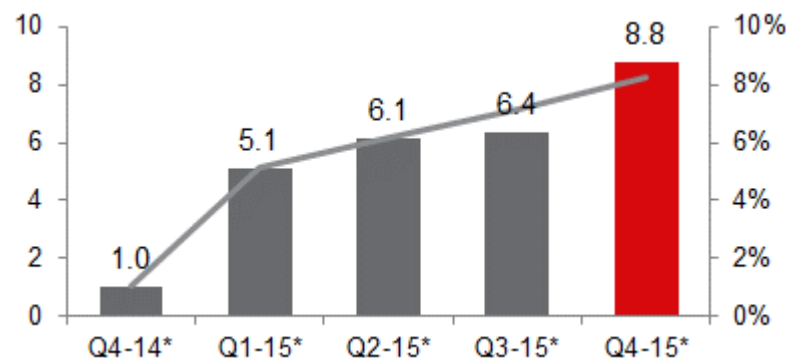
Margin



EBIT

NOK million

Margin



*: Proforma and before non-recurring items

Statement of income

NOK Million	2015 Q4	2014 Q4	2015* Q4	2014* Q4	2015 FY	2014 FY	2015* FY	2014* FY
Operating revenue	113.1	110.4	106.6	95.8	435.4	439.8	394.2	379.5
Cost of sales	18.4	18.6	16.1	14.9	70.4	75.9	58.6	60.6
Personnel expenses	68.5	75.6	64.4	64.1	275.4	288.6	246.9	246.1
Depreciation	5.5	5.3	5.4	5.0	20.4	21.4	19.7	20.2
Other operating expenses	12.6	13.1	11.9	10.8	49.1	50.0	42.6	41.6
Total operating expenses	105.0	112.6	97.8	94.8	415.2	436.0	367.9	368.4
Operating profit before non-recurring	8.2	-2.2	8.8	1.0	20.1	3.8	26.4	11.0
Non-recurring items	-0.4	3.7			1.4	3.7		
Operating profit (EBIT)	8.5	-5.9			18.8	0.2		
Net financial income	1.2	-1.3			0.9	-1.7		
Profit before tax	9.7	-7.2			19.7	-1.6		
Tax	4.0	0.0			6.6	1.5		
Net profit for the period	5.8	-7.2			13.0	-3.1		

* Pro forma figures for continued business

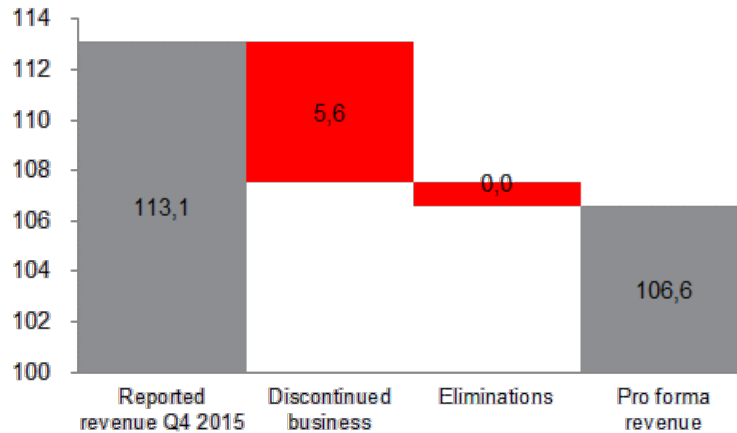


Significant efficiency gains, producing 2% more revenue with 10% less FTEs in Q4

Pro forma bridge

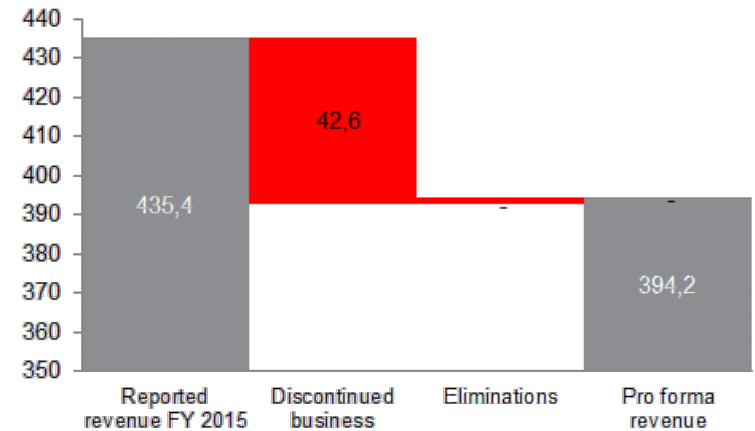
Q4 2015 revenue bridge

NOK million



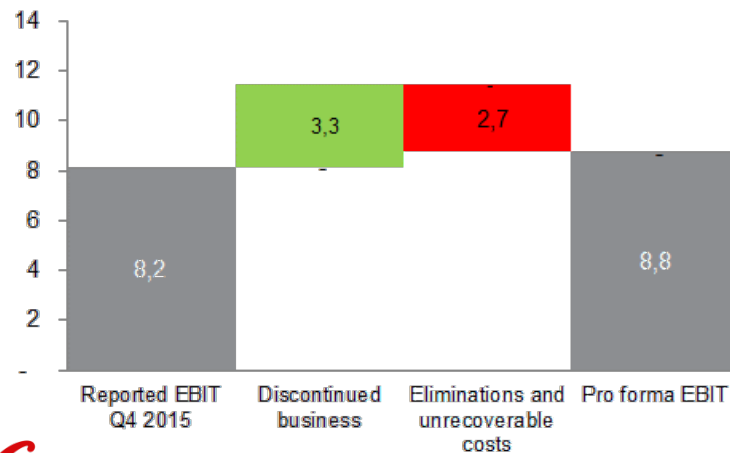
FY 2015 revenue bridge

End of period



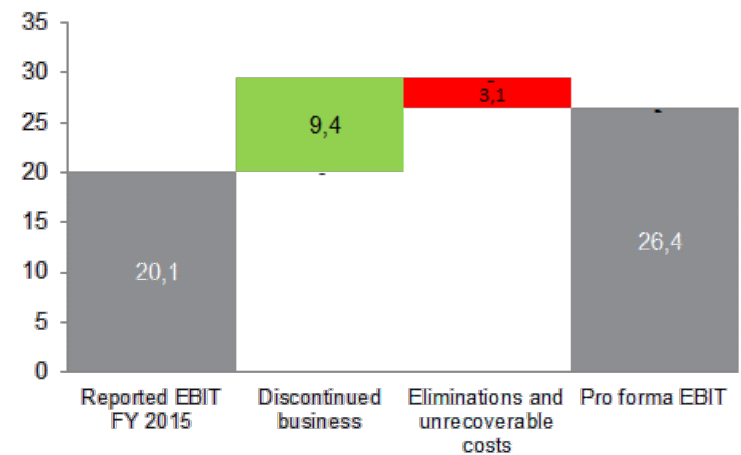
Q4 2015 EBIT* bridge

NOK million



FY 2015 EBIT* bridge

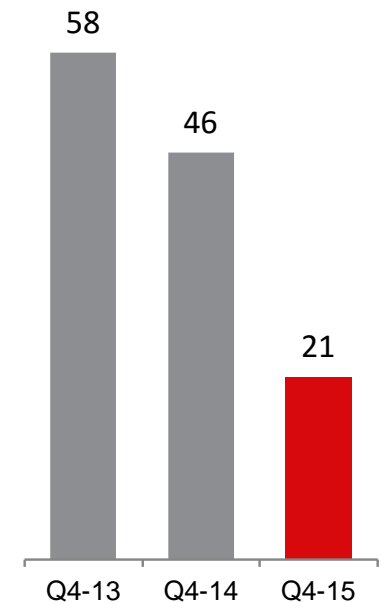
NOK million



Statement of cash flow

NOK Million	2015 Q4	2014 Q4	2015 FY	2014 FY
Cash flow from operations (EBITDA)	14	3	41	25
Change in balance sheet items	16	44	-20	21
Net cash flow from operating activities	30	47	21	46
Net cash flow from investment activities	0	-4	1	-12
Purchase of own shares	0	0	0	0
Borrowings repaid	-2	-1	-8	-7
External dividend paid	-12	0	-12	-29
Net cash flow from financing activities	-15	-4	-21	-36
Currency effect on cash	0	1	0	1
Net change in bank deposits and cash	15	40	1	-1
Bank deposits at the end of the period	68	67	68	67
New borrowing related to leasing	13	0	15	7

12 month rolling
cash flow from operations



- **Cash flow from operations seasonally high in Q4**
- **12 month rolling cash flow from operations was NOK 21 million**

Statement of financial position

NOK Million	2015 31 Dec	2014 31 Dec	Change %	2015 30 Sep
Deferred tax assets	2	6	-61 %	3
Other intangible assets	15	16	-4 %	15
Fixed assets	30	27	11 %	20
Total non-current assets	48	49	-2 %	38
Work in progress	9	12	-23 %	9
Accounts receivable	67	60	12 %	60
Other receivables	23	17	33 %	30
Bank deposits	68	67	2 %	54
Total current assets	167	156	7 %	153
Total assets	215	205	5 %	191
Total equity	54	54	1 %	62
Non-current liabilities	23	16	41 %	12
Accounts payable	25	27	-9 %	18
Public duties and taxes payable	32	31	5 %	26
Other short-term liabilities	81	77	5 %	74
Total current liabilities	138	135	2 %	117
Total equity and liabilities	215	205	5 %	191
Equity ratio	25 %	26 %		32 %

Good financial position with bank deposits of NOK 68 million and equity ratio of 25% after dividend payment of NOK 12 million.

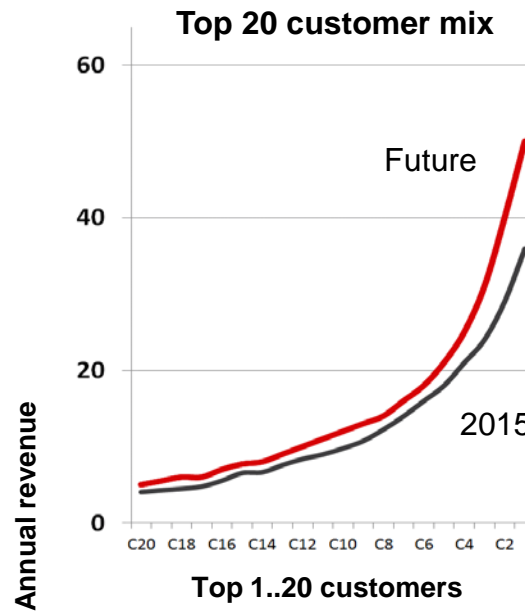
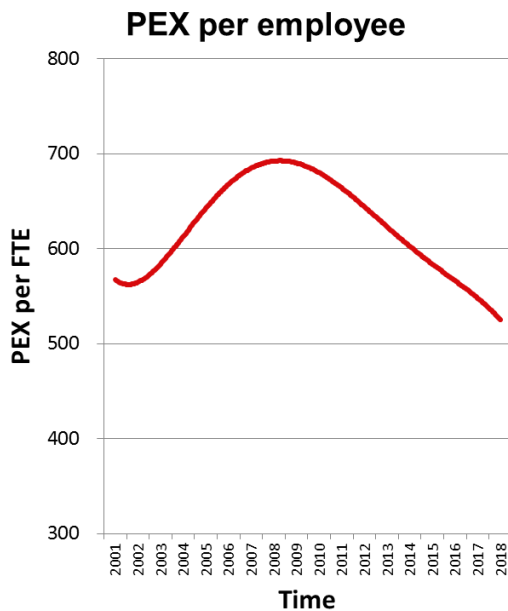
BUSINESS REVIEW

Long-term profitable growth: Key enablers

50%+ of staff nearshore

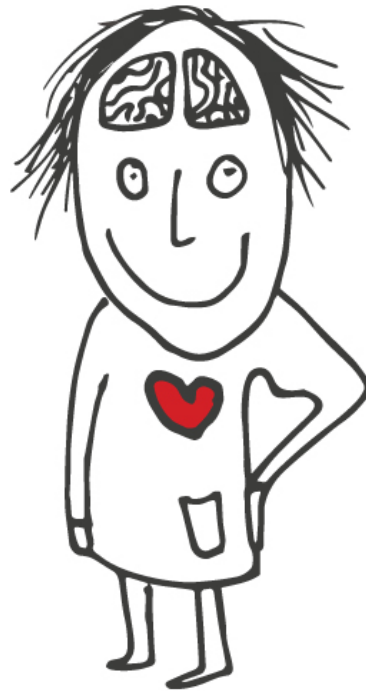
Larger projects and revenue visibility

Communication AND Technology

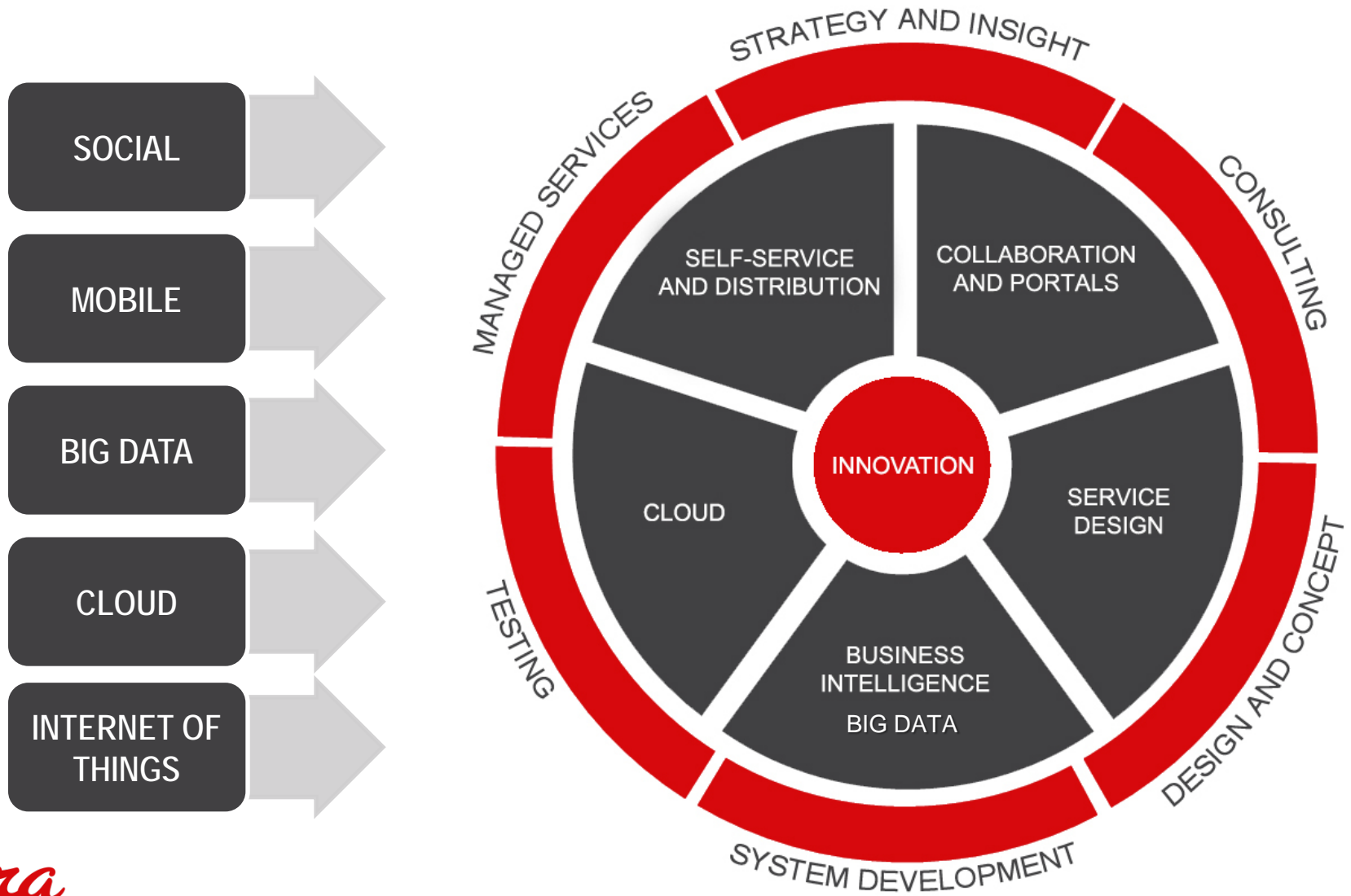


Our future picture

Itera creates great experiences for the customer's customer



The forces of disruptive technology are driving our service offerings and key focus areas



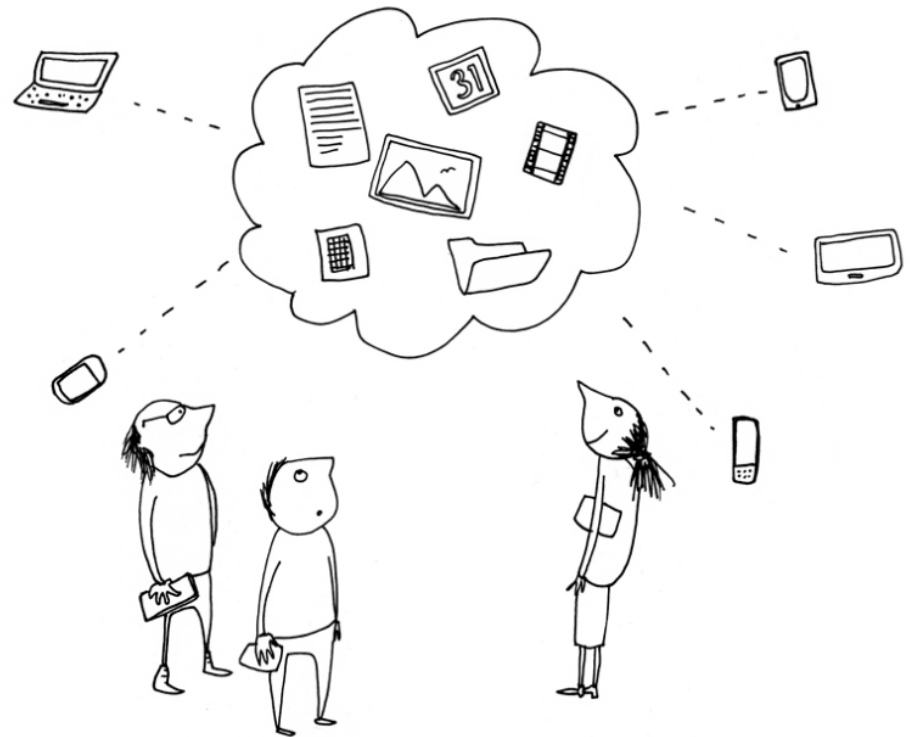
Solution inspired by AirBnB developed by Itera finalist in global service design contest



- In strong competition with hundreds of contributions from enterprises such as Adobe and Philips, the Norwegian Defence Estates Agency's solution developed by Itera was selected as one of four finalists for the international prestige award IxD-Awards 2016 in category "Optimizing."
- The jury's statement:
 - The processing time for applications is reduced from three hours to about six minutes.
 - The error rate is reduced to near zero.
 - Bookings and payments are processed on any device - mobile, PC or tablet – anytime and anywhere.
 - From 25 manual step to one click: time coordinators spend handling bookings are substantially reduced.

Itera is certified Microsoft Cloud Service Provider Tier 1

- Digitalization is accelerating the adoption of cloud solutions
- All new solutions (i.e. the sharing economy) are mobile first and cloud first
- Combining consulting and managed services into packaged solutions and services, as a service, with ongoing recurring revenue
- A full range of cloud services are launched and implemented at Itera Cloud Center in Bratislava, fully integrated with Microsoft.
- Several customers are moving into hybrid cloud together with Itera.



Our multi-site strategy provides agility, scalability and access to top notch resources



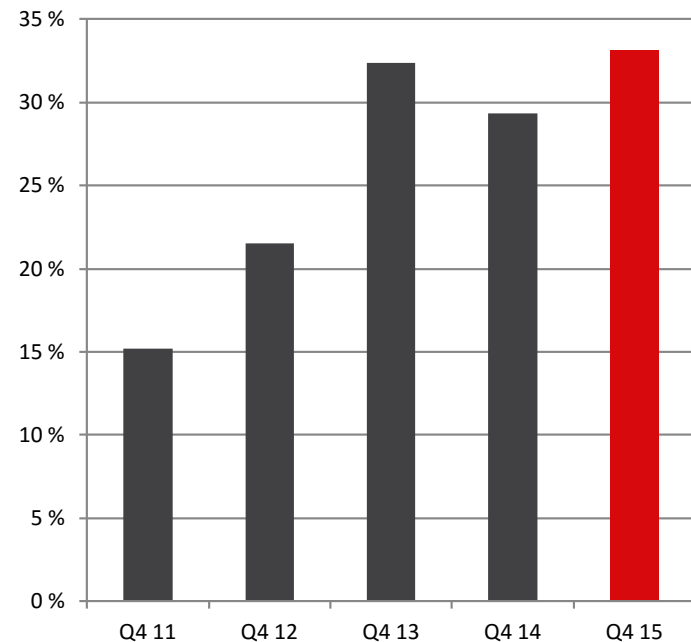
- **A Nordic full-service provider**
 - Serving leading customers in fast-growing industries
- **Flexibility of a hybrid model**
 - Delivery across borders in the Nordics and nearshore locations
 - Sourcing for value over volume
- **EU Data Protection Law compliance**
 - Binding corporate rules (BCR) ensure data protection for all flows of data across borders

Nearshore ratio development

- Nearshore ratio of 33 % in Q4, returning to the level of 15 months back
- 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

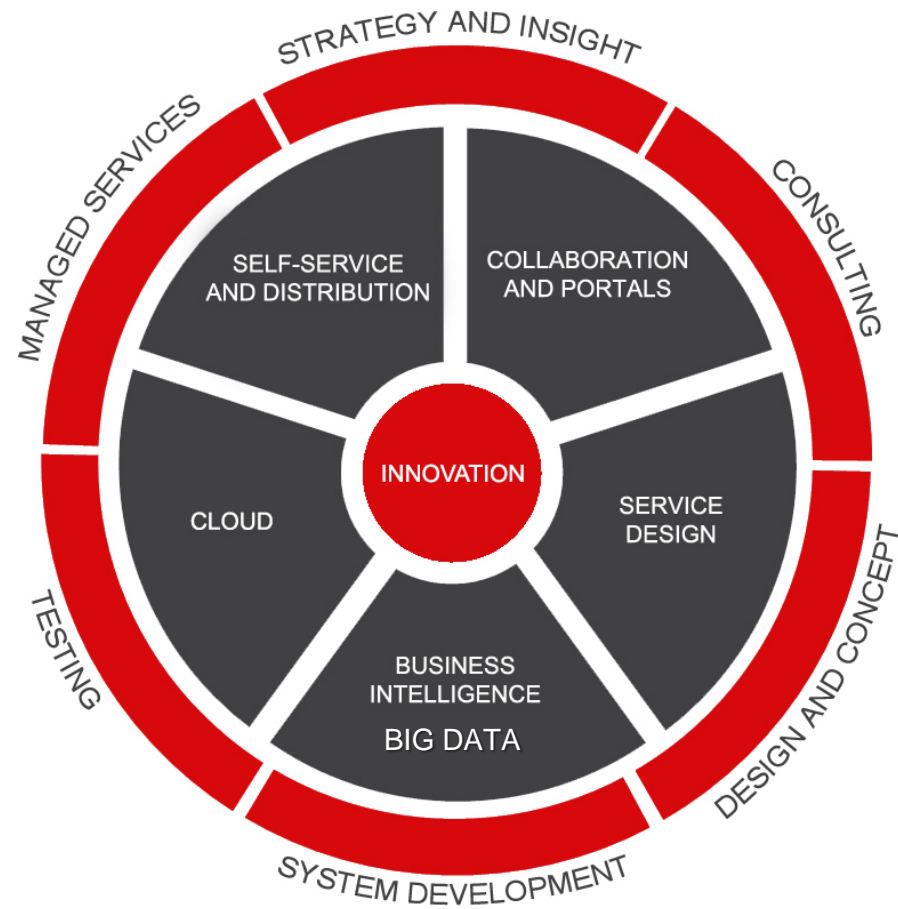
Nearshore ratio

% of all staff located nearshore



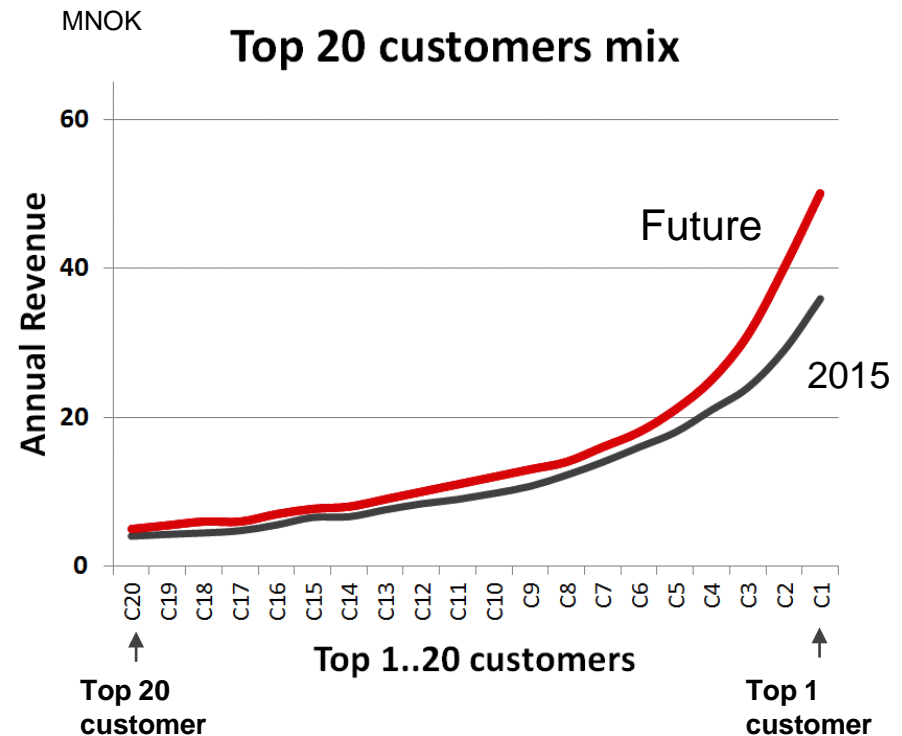
Growing Nordic customers through unified offerings and capabilities across borders

- International customers are demanding services across borders, i.e. nearshoring and cloud services
- Our business model is unified into ONE Itera with the same catalogue of services offerings across the Nordics
- Managed Services are consolidated into one datacenter with integrated cloud services
- A smaller stand-alone consulting services unit in Sweden is closing down with no impact on Nordic customers.



Developing larger projects and higher revenue per customer

- Revenue from top 30 customers up by 11 % in Q4
 - Top 10: 46 % of total revenue
 - Top 20: 64 % of total revenue
 - Top 30: 72 % 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.



Solid order intake in Q4 from existing and new customers

eika.



PRA Group

OSD
VPS

KLP

STATENS
PENSJONSKASSE

 Santander



BLUEGARDEN

 **Book-to-bill ratio¹⁾ of 1.4 in Q4 2015 and 1.3 for 2015 full year, of which several long-term agreements with durations of 3-5 years**

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

2015 in brief

Improvement program completed to return to profitable growth

1. New development centre in the EU is running according to plan with several new customers
2. Non-profitable department in Norway closed down in Q1
3. Swedish hosting business divested and standalone consulting business being closed down in February 2016

Immediate impact

- Q4 pro forma revenue growth of 11% and EBIT margin of 8.3% (1.1%)
- Double-digit nearshore growth in Q4 through new and existing customers
- Strong order intake – Book-to-Bill ratio of 1.3 for the full year.

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: 16.02.2016

Holding ▼	Percentage ◆	Name ◆	Account type ◆	Citizenship ◆
17,218,298	20.95	ARNE MJØS INVEST AS		NOR
5,498,840	6.69	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
4,329,031	5.27	OP CAPITAL AS		NOR
3,699,098	4.50	MIDELFART INVEST AS		NOR
3,000,000	3.65	EIKESTAD A/S		NOR
2,907,812	3.54	VERDIPAPIRFONDET DNB		NOR
2,580,000	3.14	SEPTIM CONSTULTING A		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
2,000,000	2.43	GIP AS		NOR
1,630,028	1.98	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,000,000	1.22	FRAMAR INVEST AS		NOR
900,000	1.10	AANESTAD PANAGRI AS		NOR
818,349	1.00	BRØDRENE JOHANSEN H		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI		NOR
600,000	0.73	ALTEA PROPERTY DEVEL		NOR
530,000	0.64	NYVANG JETMUND GUNNAR		NOR
510,000	0.62	SOBER KAPITAL AS		NOR
56,404,529	68.64			