

INTERIM REPORT

# FOURTH QUARTER 2016

CEO ARNE MJØS  
CFO BENT HAMMER

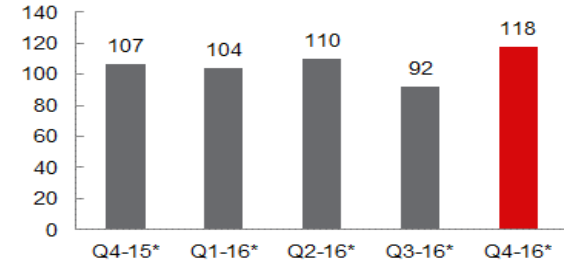
OSLO, 17 FEBRUARY 2017

# Highlights of the fourth quarter

- Revenue
  - NOK 118 (107) million
  - Pro forma growth of 10% y-o-y
- EBITDA
  - EBITDA of NOK 18.2 (14.2) million, 15.5% (13.3%) margin
- EBIT
  - EBIT before non-recurring items of NOK 13.2 (8.8) million, 11.2% (8.3) margin
- Significant events
  - Significant new nearshore wins
  - 12% growth of top 30 customers
  - NOK 36.9 (30.1) million cash from operations
- Dividends
  - Paid out additional dividend of NOK 0.15 per share in Nov. 2016
  - Proposed dividend of NOK 0.18 per share based on 2016 results

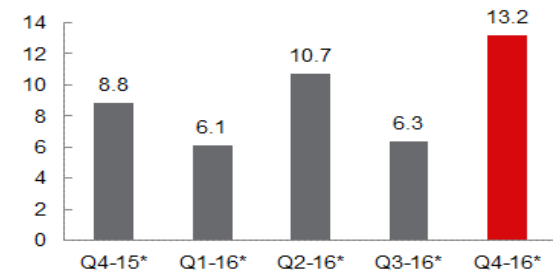
## Revenues

NOK million



## EBIT

NOK million



\* Pro forma

# FINANCIAL REVIEW

# Statement of income

NOK Million	2016 Q4	2015* Q4	Change *	2016 FY	2016* FY	2015* FY	Change *	2015 FY
<b>Operating revenue</b>	<b>117.6</b>	106.6	10.4 %	<b>425.1</b>	<b>423.6</b>	394.2	7.4 %	435.4
Cost of sales	<b>18.8</b>	16.1	16.5 %	<b>63.5</b>	<b>63.2</b>	58.6	7.8 %	67.4
Personnel expenses	<b>68.0</b>	64.4	5.6 %	<b>263.3</b>	<b>261.8</b>	246.9	6.1 %	275.4
Depreciation	<b>5.0</b>	5.4	-7.6 %	<b>19.5</b>	<b>19.5</b>	19.7	-1.1 %	19.8
Other operating expenses	<b>12.6</b>	11.9	6.6 %	<b>43.0</b>	<b>42.6</b>	42.6	0.0 %	52.7
<b>Total operating expenses</b>	<b>104.4</b>	<b>97.8</b>	<b>6.8 %</b>	<b>389.4</b>	<b>387.2</b>	<b>367.9</b>	<b>5.3 %</b>	<b>415.2</b>
<b>Operating profit before non-recurring items</b>	<b>13.2</b>	<b>8.8</b>	<b>50.2 %</b>	<b>35.7</b>	<b>36.4</b>	<b>26.4</b>	<b>37.9 %</b>	<b>20.1</b>
Non-recurring items	<b>0.0</b>	0.0		<b>1.6</b>	<b>2.2</b>	3.7	-41.9 %	1.4
<b>Operating profit (EBIT)</b>	<b>13.2</b>	<b>8.8</b>	<b>50.2 %</b>	<b>34.1</b>	<b>34.2</b>	<b>22.7</b>	<b>51.0 %</b>	<b>18.8</b>
Net financial income	<b>-0.1</b>			<b>-1.3</b>				0.9
<b>Profit before tax</b>	<b>13.1</b>			<b>32.8</b>				19.7
Tax	<b>3.1</b>			<b>8.1</b>				6.6
<b>Net profit for the period</b>	<b>10.0</b>			<b>24.7</b>				13.1

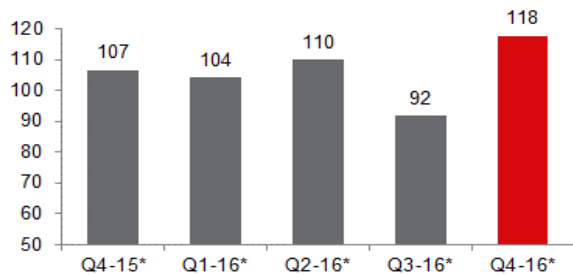
\* Pro forma figures for continuing operations

- ➔ Continuing operations showed 10% top-line growth (full-year 7%), while EBIT improved by 50% (full-year 38%).
- ➔ Q4 includes positive impact of tax incentives for R&D projects.

# Quarterly development

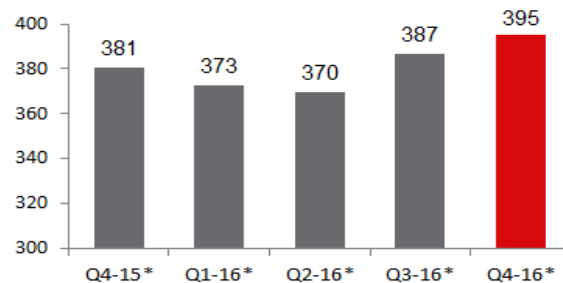
## Operating revenue

NOK million



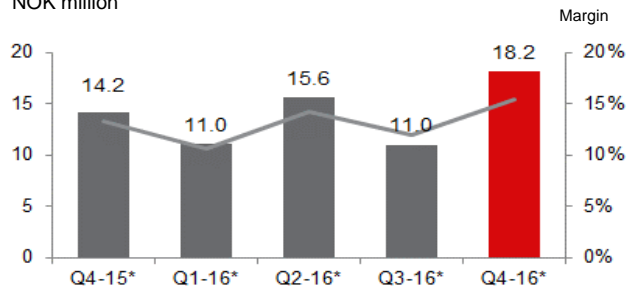
## Employees

End of period



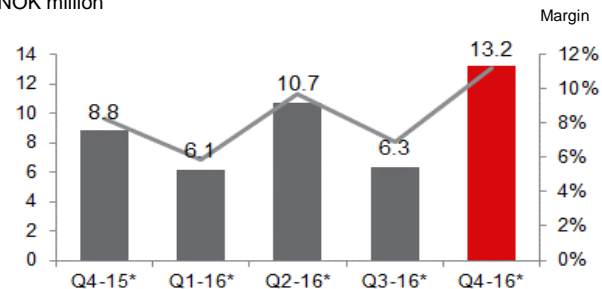
## EBITDA

NOK million



## EBIT

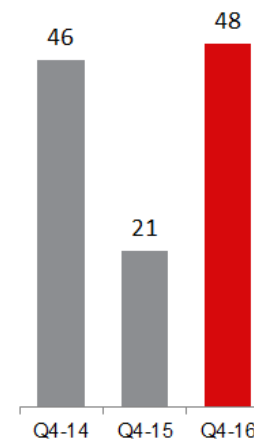
NOK million



# Statement of cash flow

NOK Million	2016 Q4	2015 Q4	2016 FY	2015 FY
Cash flow from operations (EBITDA)	18.2	13.6	55.3	46.1
Change in balance sheet items	18.7	16.5	-6.8	-25.3
<b>Net cash flow from operating activities</b>	<b>36.9</b>	<b>30.1</b>	<b>48.4</b>	<b>20.8</b>
<b>Net cash flow from investment activities</b>	<b>-2.7</b>	<b>-0.4</b>	<b>-12.0</b>	<b>1.3</b>
Purchase of own shares	0.0	-0.4	-3.6	-0.5
Borrowings repaid	-2.2	-2.5	-8.6	-8.3
External dividend paid	-12.2	-12.3	-21.9	-12.3
<b>Net cash flow from financing activities</b>	<b>-14.4</b>	<b>-15.2</b>	<b>-34.1</b>	<b>-21.0</b>
<b>Net change in bank deposits and cash</b>	<b>19.8</b>	<b>14.6</b>	<b>2.4</b>	<b>1.1</b>
<b>Bank deposits at the end of the period</b>	<b>71.1</b>	<b>68.4</b>	<b>71.1</b>	<b>68.4</b>
New borrowing related to leasing	1.2	12.8	6.4	14.8

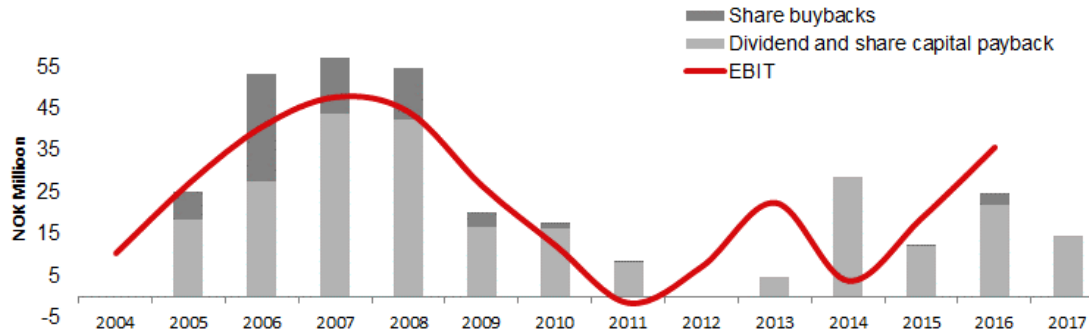
12 month rolling cash flow from operations



- Cash flow from operations NOK 37 million in Q4
- 12 month rolling cash flow from operations was NOK 48 million

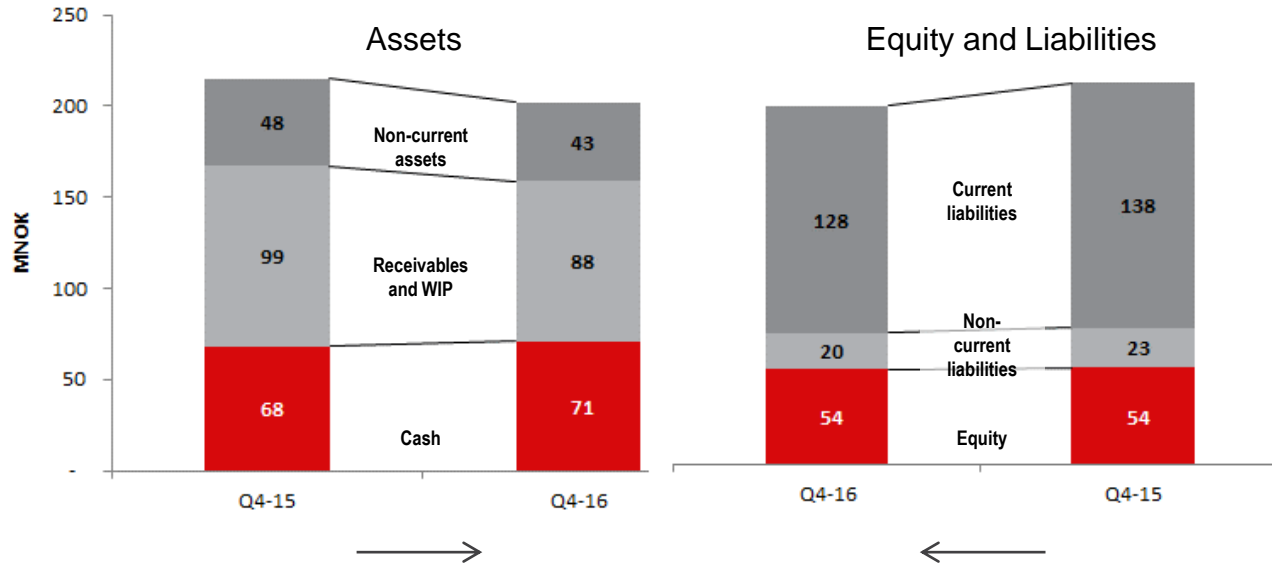
# Dividends

- NOK 0.15 in additional dividend was paid out in Q4
- Current holding of own shares is unchanged from Q3 at 965 445 shares
- The Board is proposing to pay out an ordinary dividend for 2016 of NOK 0.18 per share following the General Meeting in May
- Total distribution to shareholders of NOK 3.92 per share during 2005-2017



# Statement of financial position

- Group equity ratio of 27 (25) % per December 31
- Cash balance of MNOK 71 (68)





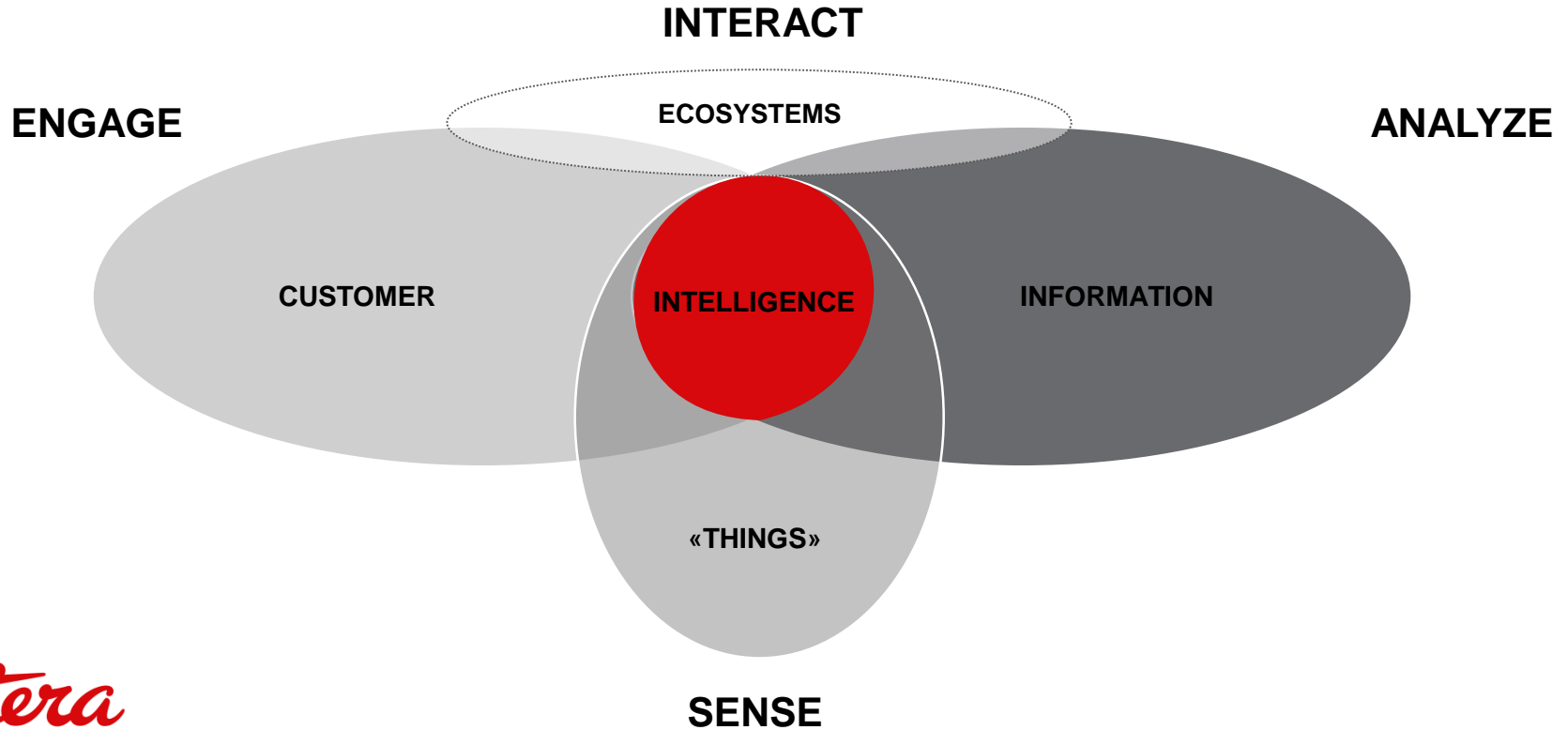
# BUSINESS REVIEW

# We are entering the era of digital business

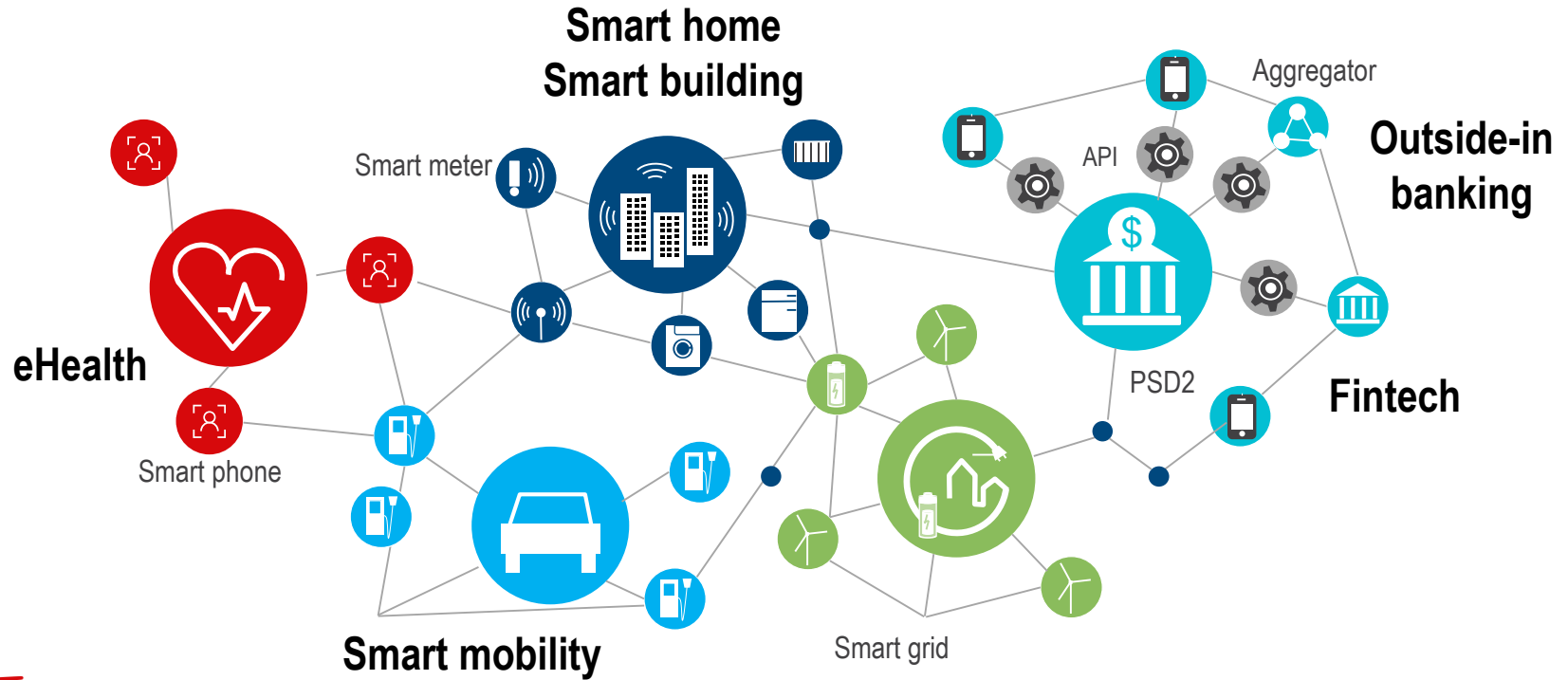
“By 2020, information will be used to reinvent, digitalize or eliminate **80%** of business processes and products from a decade earlier.”

Source: Gartner

# Towards the intelligent enterprise



# We are building innovative solutions on digital platforms across industries



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

1

We work with **CxOs** and focus on their **customer's customers** through service design and lean startup

2

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

3

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

4

We work **across borders** and provide **seamless nearshoring** for greater scalability and cost effectiveness

# Order intake in Q4 from existing and new customers

Kredinor



GJENSIDIGE



Íslandsbanki

 Forsvarsbygg



eika.



ALP



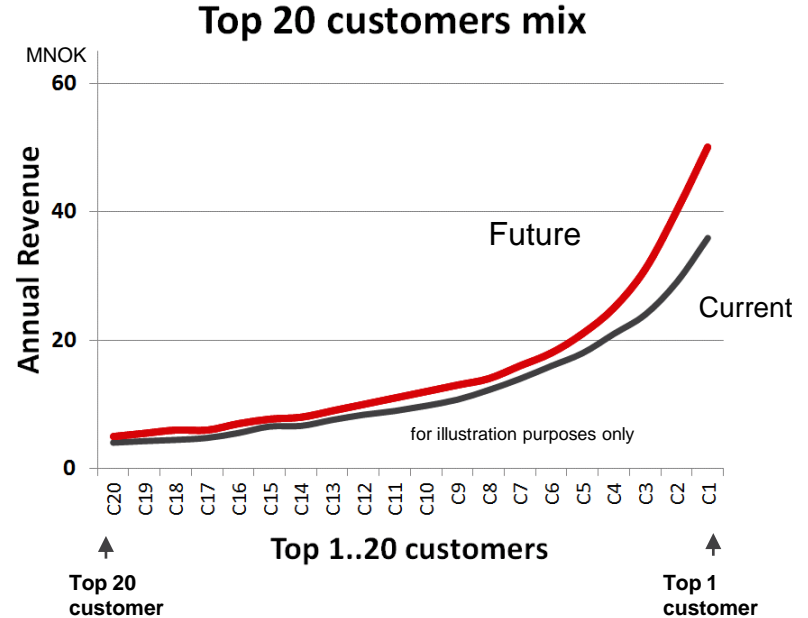
BLUEGARDEN

.....> **Book-to-bill ratio\*) of 1.5 in Q4 2016**

\*) 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 12 % in Q4
  - Top 10: 50 % 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



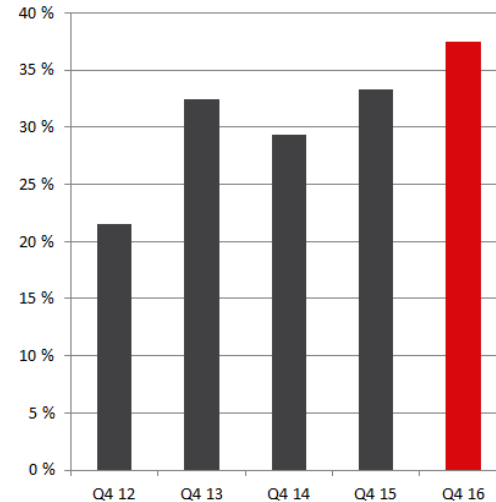
.....> We are approaching our target: several customers are likely to spend more than NOK 50 million per year on services from Itera

# Nearshore ratio development

- Nearshore ratio of 37 % in Q4
- Some major wins in Q4
- 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: 13.02.2017

Holding ▾	Percentage ↕	Name ↕	Account type ↕	Citizenship ↕
20,318,298	24.72	ARNE MJØS INVEST AS		NOR
5,150,354	6.27	STOREBRAND VEKST VER JPMORGAN EUROPE LTD,		NOR
4,340,481	5.28	OP CAPITAL AS		NOR
2,862,600	3.48	GIP AS		NOR
2,650,000	3.22	EIKESTAD AS		NOR
2,620,000	3.19	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
1,272,203	1.55	STOREBRAND NORGE I V JPMORGAN EUROPE LTD,		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
639,590	0.78	ALTEA PROPERTY DEVEL		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI		NOR
594,200	0.72	JENSEN LARS PETER		DNK
560,000	0.68	NYVANG JETMUND GUNNAR		NOR
550,000	0.67	GRØSLAND KIM-KJETIL		NOR
526,428	0.64	SÆTRANG MORTEN		NOR
<b>54,132,682</b>	<b>65.87</b>			