

INTERIM REPORT

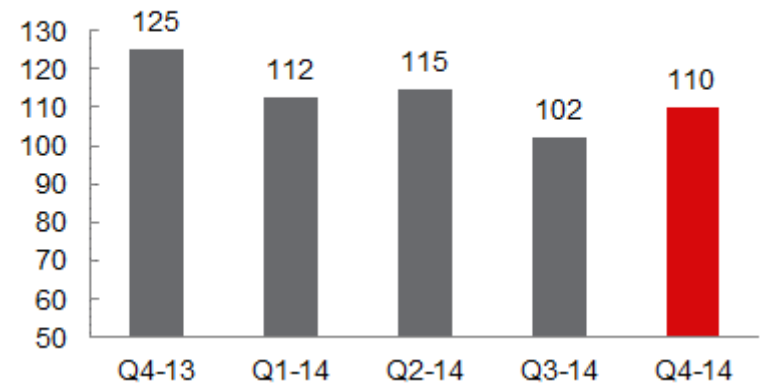
FOURTH QUARTER 2014

CEO ARNE MJØS
OSLO, 26 FEBRUARY 2015

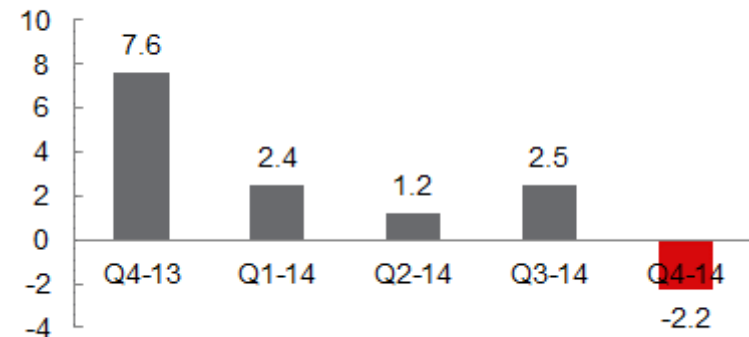
Highlights in the fourth quarter

- Revenue NOK 110 million, a decrease of 12% of which 50% for third party services
- Positive growth in local consultancy services in Norway
- Decline in revenue and high restructuring costs in hosting operation in Sweden
- Non-recurring items of NOK 3.7 million
- New development centre in Bratislava is progressing according to plan
- Strong operational cash flow of NOK 47 million in Q4

Revenues
NOK million



EBIT
NOK million



Q4-2014: Before non-recurring items

FINANCIAL REVIEW

Key figures

	2014 Q4	2013 Q4	Change	2014 FY	2013 FY	Change
NOK Million						
Operating revenue	110	125	-12 %	440	465	-5 %
Gross profit	92	102	-10 %	364	375	-3 %
EBITDA	3	13	-77 %	25	44	-43 %
EBITDA margin	2.8 %	10.6 %		5.7 %	9.4 %	
Operating profit (EBIT)*	-2	8	-129 %	4	23	-83 %
EBIT margin*	-2.0 %	6.1 %		0.9 %	4.8 %	
Operating profit (EBIT)	-6	8	-177 %	4	23	-83 %
EBIT margin	-5.3 %	6.1 %		0.9 %	4.8 %	
Net cash flow from operations	47	36	31 %	46	58	-21 %
Cash and cash equivalents	67	68	-1 %	67	68	-1 %
Equity ratio	26 %	39 %		26 %	39 %	
Employees at end of period	447	460	-3 %	447	460	-3 %

* Before non-recurring items

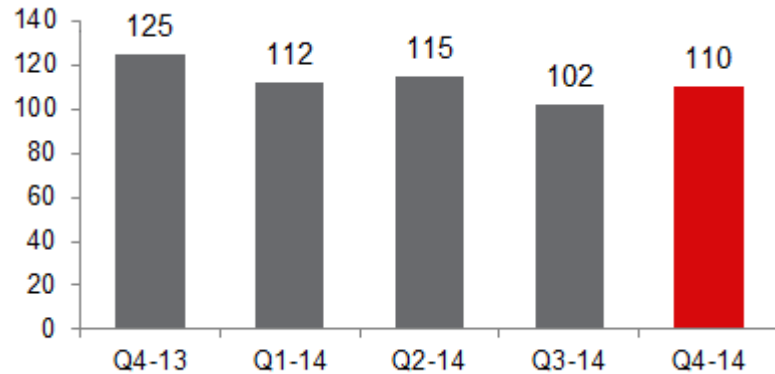


2014 was impacted by a slowdown in nearshoring to Ukraine, and a decline in revenue and high restructuring costs in hosting operation in Sweden.

Quarterly development

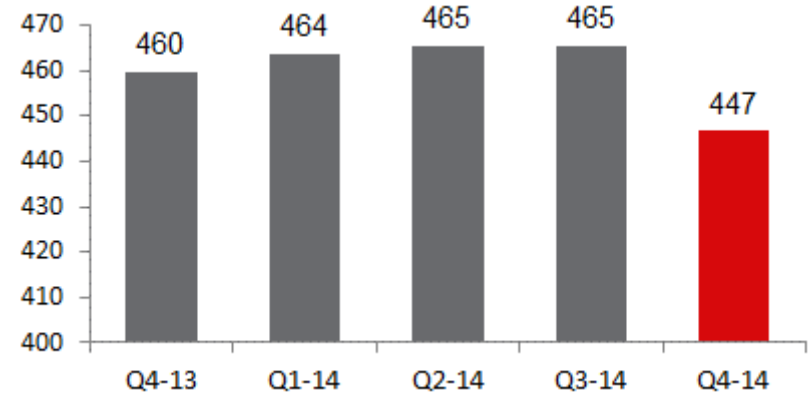
Operating revenue

NOK million



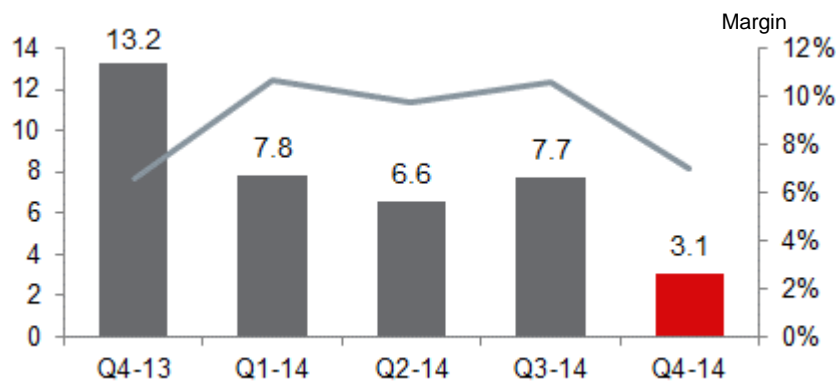
Employees

End of period



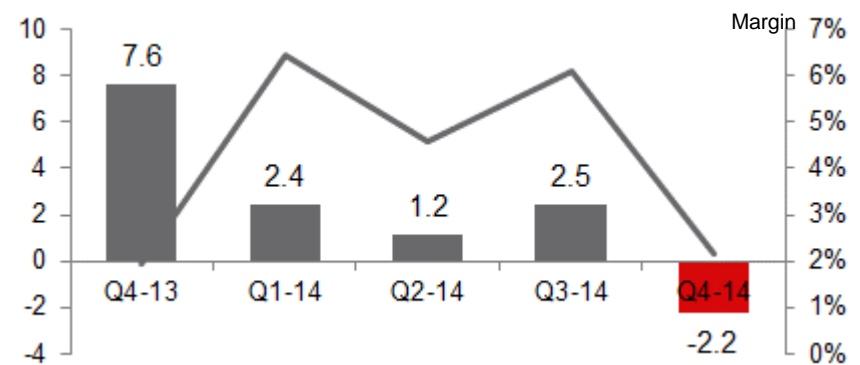
EBITDA

NOK million



EBIT

NOK million



Q4-2014: Before non-recurring items

Statement of income

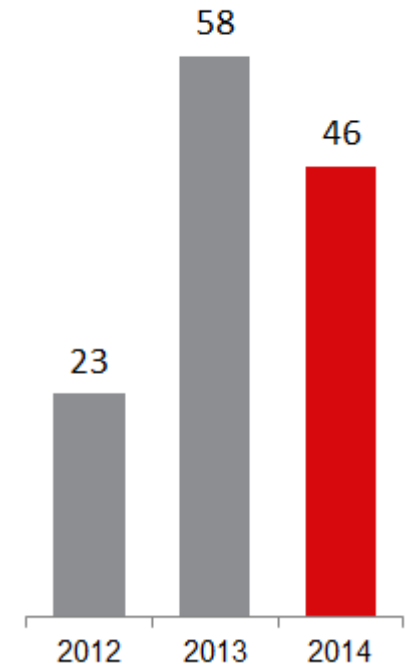
NOK Million	2014 Q4	2013 Q4	Change	2014 FY	2013 FY	Change
Operating revenue	110	125	-12 %	440	465	-5 %
Cost of sales	19	23	-19 %	76	91	-16 %
Personnel expenses	76	75	1 %	289	279	3 %
Depreciation	5	6	-6 %	21	21	0 %
Other operating expenses	13	14	-7 %	50	51	-2 %
Total operating expenses	113	117	-4 %	436	443	-2 %
Operating profit before non-recurring items	-2	8	-129 %	4	23	-83 %
Non-recurring items	4	0		4	0	
Operating profit (EBIT)	-6	8	-177 %	0	23	-99 %
Net financial income	-1	-1		-2	-2	
Profit before tax	-7	7	-203 %	-2	20	-108 %
Tax	2	1	113 %	3	5	-27 %
Net profit for the period	-9	6	-248 %	-5	16	-131 %

- The new Nearshore Development Centre had a negative impact on profit of NOK 0.4 million in Q4 and NOK 3.5 million in 2014
- Decline in revenue and high restructuring costs associated with divesting the hosting operation in Sweden. Non-recurring items of NOK 3.7 million in Q4

Statement of cash flow

NOK Million	2014 Q4	2013 Q4	2014 FY	2013 FY
Cash flow from operations (EBITDA)	3	13	25	44
Change in balance sheet items	44	23	21	14
Net cash flow from operating activities	47	36	46	58
Net cash flow from investment activities	-4	-5	-12	-9
Purchase of own shares	0	0	0	0
Borrowings repaid	-1	-2	-7	-6
External dividend paid	0	0	-29	-5
Net cash flow from financing activities	-1	-2	-36	-11
Currency effect on cash	1	1	1	1
Net change in bank deposits and cash	42	30	-1	39
Bank deposits at the end of the period	67	68	67	68
New borrowing related to leasing	0	0	7	13

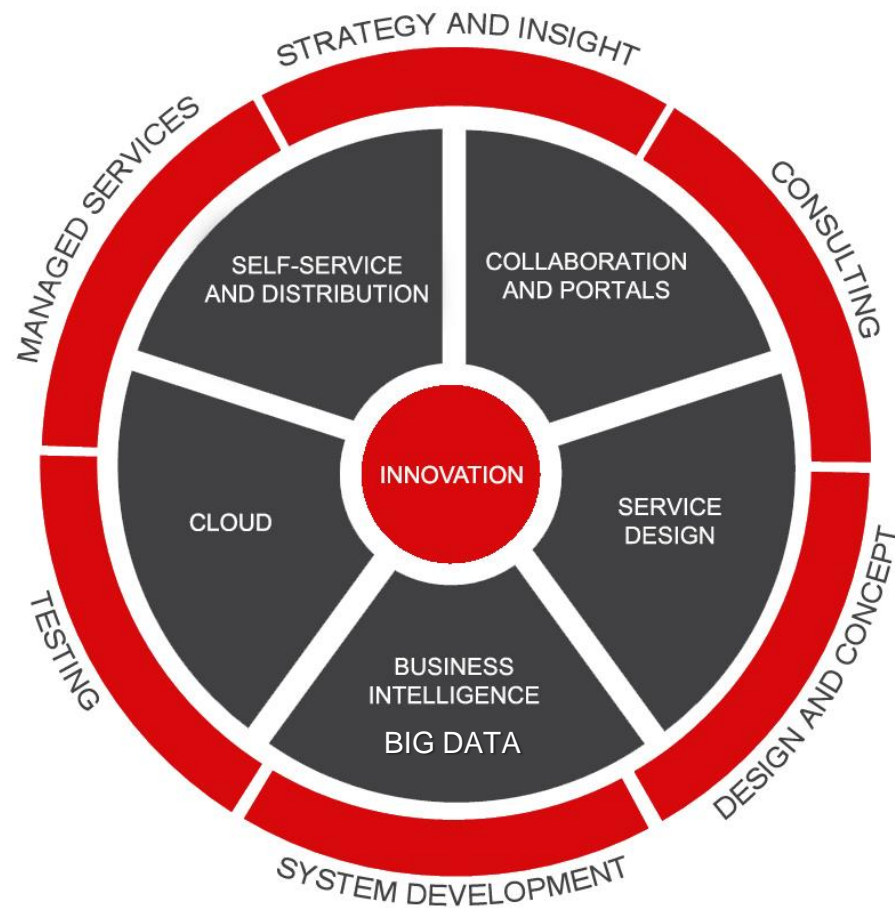
12 month rolling
operating cash



Strong cash flow from operations of NOK 47 million in Q4. Bank deposits at 31 December are unchanged after dividend payment of NOK 29 million in 2014.

Divesting the hosting business in Sweden to improve profitability

- Divesting hosting business in Sweden
 - High customer satisfaction and good delivery quality, but a small player in a competitive market
 - Hosting is not a critical part of Itera's strategy for success in Sweden
 - A sales process by DNB Markets is underway to divest the hosting business
- Closing down a non-profitable department within infrastructure services in Norway
 - Estimated non-recurring item of NOK 2 million in Q1 2015
- However, Managed Services in Norway, where we have a strong position, will continue as an integrated part of Itera's life cycle capability



Itera Denmark was impacted by tensions in Ukraine, but nearshoring to Bratislava is picking up

Nearshoring challenges

- Two large customers in Denmark with well-established nearshoring services from Itera were lost in 2014
- Nearshore ratio decreased from 55% in Q4-2013 to 5% in Q4-2014
- Revenue decreased by 26% in 2014 and EBIT decreased by NOK 6 million in 2014



Going forward

- The new Nearshore Development Center in the EU will balance the risks from tensions in Ukraine
- Going forward, new customers are being set up in Bratislava, with one lost customer won back from 2014
- Our key focus is to return to highly profitable growth with a nearshore ratio > 55%



Næste generation af BI-løsninger bliver som at stirre direkte ind i fremtiden

Top 100 2014 Business intelligence-løsningerne er i rivende udvikling. To af de helt store business intelligence-trends vil kunne besvare spørgsmål, som vi ikke engang har stillet endnu. Vinderen af BI-specialprisen **Itera** peger på audience analytics som vigtigt lige nu.

3. september 2014 - computerworld.dk/art/231790

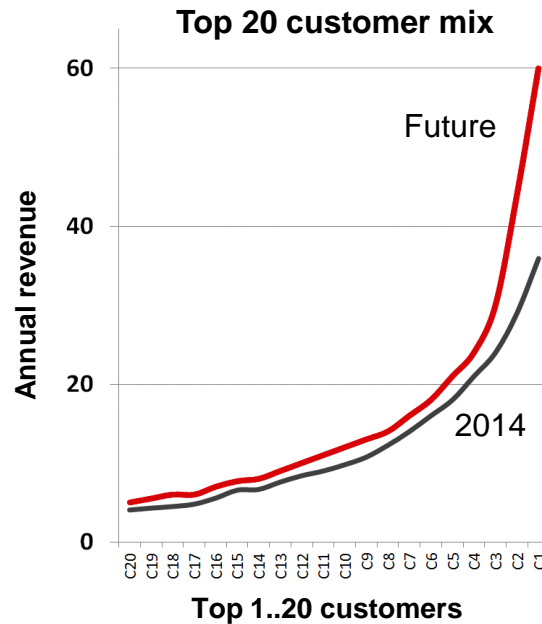
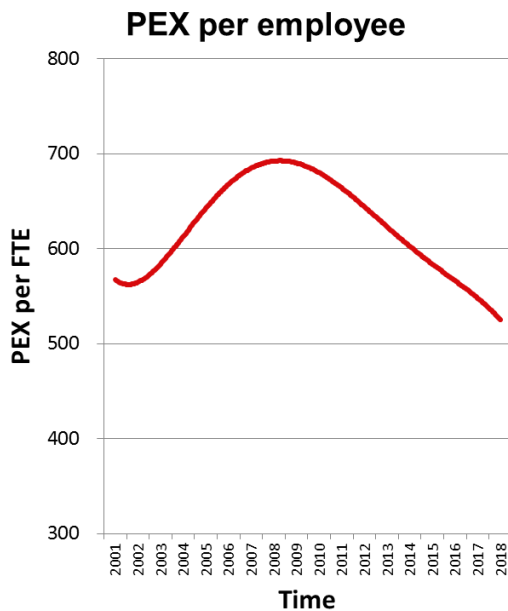
BUSINESS REVIEW

Long-term profitable growth: Key enablers

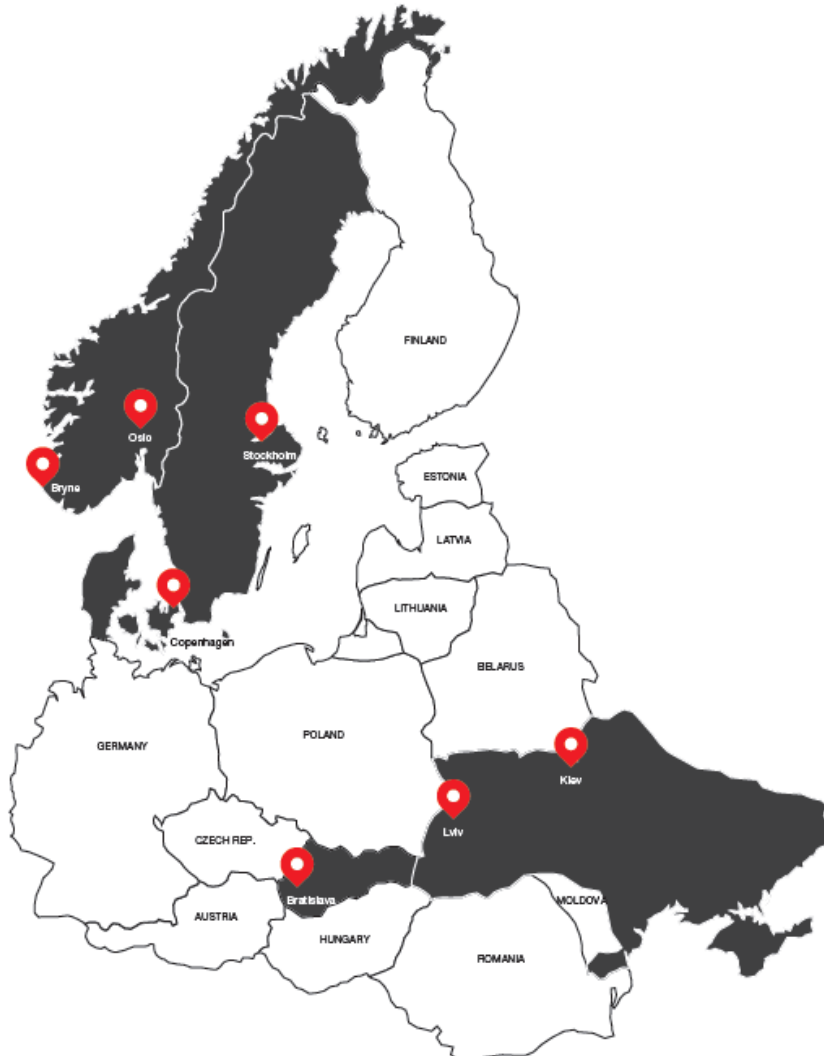
50%+ of staff nearshore

Larger projects and revenue visibility

Communication AND Technology



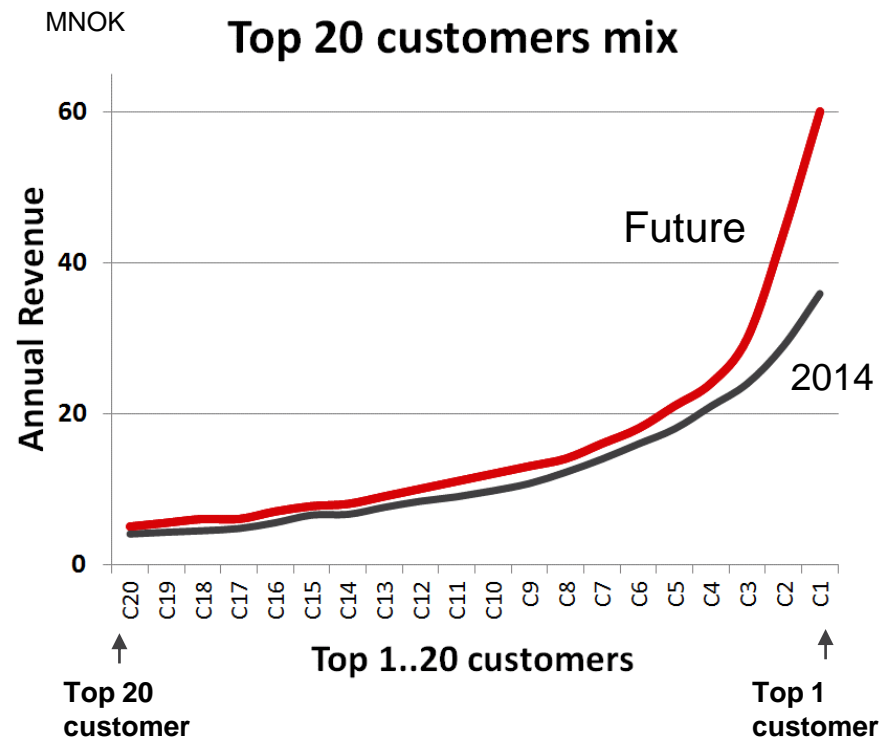
Our multi-site strategy provides agility, scalability and access to top-notch resources



- **A Nordic full service provider with seamless nearshoring**
 - Serving leading customers in fast growing industries
- **Flexibility of a hybrid model**
 - Sourcing for value rather than volume by maximizing efficiency instead of just capacity
- **A multi-site strategy**
 - Nearshore development centres (NDC) are located inside and outside the EU
- **EU Data Protection Law compliance**
 - Binding corporate rules (BCR) ensure data protection for all flows of data across borders

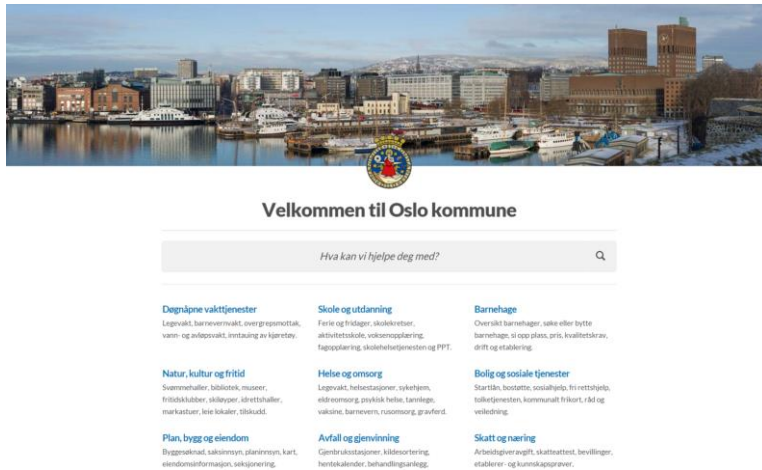
Strong development of larger projects and higher revenue per customer

- Top 1 customers up by 18 % in 2014
- Top 5 customers up by 6 % in 2014
- Top 10 customers accounted for 43% of total revenue in 2014, up from 38% in 2013
- Benefits:
 - Increased revenue visibility
 - Improved operational efficiency
 - Lower sales costs 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.

Focus on the public sector is paying off



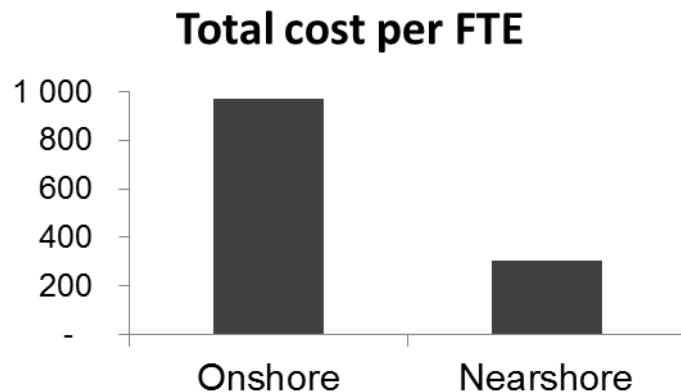
Ambitious goals: full digitalization of services provided by 50 city agencies

- Inspiration from GB's world-class public services
- Simplification of 50,000 individual pages in a 15 year old structure, ensuring focus on users and services
- Launched in mid-February after 2 years of development and testing
- Itera is responsible for the service design process
- This work will continue for many years – Itera's current contract lasts until 2017



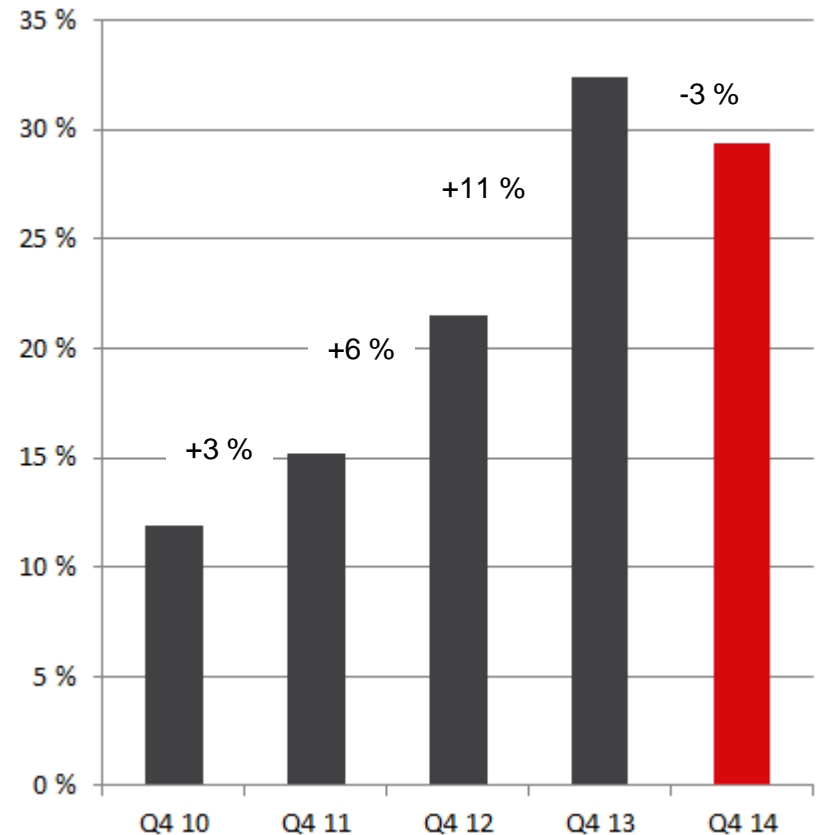
Nearshore ratio growth

- Nearshore ratio of 29% in Q4, representing a temporary decline
- Target is for the nearshore ratio to be in excess of 50%
- Mixed teams are increasing our price flexibility as well as providing unlimited access to resources



Nearshore ratio

% of all staff located nearshore



2014 in brief

A year of challenges that ended with strong cash flow from operations

- Growth of 2% in local consultancy services in Norway
- Decline in nearshoring of services to Ukraine impacted growth and profitability in all countries. Revenue in Denmark was down by 26%, mainly due to reduced nearshoring
- Decline in revenue and high restructuring costs in hosting operation in Sweden
- Strong cash flow from operations of NOK 47 million in Q4

Improvement program to return to profitable growth

1. New development centre in the EU was established according to plan
2. Decision taken to divest hosting business in Sweden. Sales process is underway
3. Decision taken to close down a non-profitable department in Norway
4. Non-recurring items totaling NOK 3.7 million in Q4-2014 and approximately NOK 2 million in Q1-2015

OUTLOOK

Outlook

- Customer demand remains strong in all Nordic markets
 - Profitable growth and cash flow are key focus areas
 - New Nearshore Development Centre in the EU will balance the risks from tensions in Ukraine
 - Sales process underway for hosting business in Sweden
 - Non-recurring cost of approximately NOK 2 million will be recognized in Q1 2015 as a result of closing down a non-profitable department within infrastructure services in Norway
 - 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

BACKUP

Statement of financial position

NOK Million	2014 31 Dec	2013 31 Dec	Change %	2013 31 Dec
Deferred tax assets	6	9	-36 %	9
Other intangible assets	16	17	-8 %	16
Fixed assets	27	28	-3 %	30
Total non-current assets	49	54	-10 %	55
Work in progress	12	16	-22 %	8
Accounts receivable	60	70	-14 %	67
Other receivables	17	13	37 %	20
Bank deposits	67	68	-1 %	32
Total current assets	156	166	-6 %	127
Total assets	205	220	-7 %	181
Total equity	54	87	-38 %	59
Non-current liabilities	16	16	1 %	19
Accounts payable	27	27	0 %	22
Public duties and taxes payable	31	25	25 %	25
Other short-term liabilities	77	65	18 %	56
Total current liabilities	135	117	15 %	103
Total equity and liabilities	205	220	-7 %	181
Equity ratio	26 %	39 %		33 %

Good financial position with equity ratio of 26% after dividend payment of NOK 29 million in 2014.

Top 20 shareholders

ISIN: NO0010001118

Name: ITERA ASA

Security type: AK

Date: 24.02.2015

Holding ▾	Percentage ⚡	Name ⚡	Account type ⚡	Citizenship ⚡
15,018,298	18.27	ARNE MJØS INVEST AS		NOR
6,086,575	7.41	STOREBRAND VEKST JPMORGAN EUROPE LTD,		NOR
5,242,206	6.38	MIDELFART INVEST AS		NOR
4,154,320	5.05	OP CAPITAL AS		NOR
3,272,248	3.98	VERDIPAPIRFONDET DNB		NOR
3,000,000	3.65	EIKESTAD A/S C/O PARTNER REVISJON		NOR
2,250,000	2.74	SEPTIM CONSTULTING A		NOR
2,240,698	2.73	BOINVESTERING AS		NOR
2,200,000	2.68	JØSYRA INVEST AS		NOR
2,031,588	2.47	MARXPIST INVEST AS		NOR
1,953,587	2.38	GAMST INVEST AS		NOR
1,920,028	2.34	STOREBRAND NORGE I JPMORGAN EUROPE LTD,		NOR
1,474,300	1.79	GIP AS		NOR
1,000,000	1.22	FRAMAR INVEST AS C/O FRANK MARTINSEN		NOR
988,338	1.20	JOHS. HAUGERUDSVEI A		NOR
900,000	1.10	AANESTAD PANAGRI AS		NOR
600,000	0.73	MORTEN JOHNSEN HOLDI MORTEN JOHNSEN		NOR
500,000	0.61	LIE JØRUND ARNE		NOR
500,000	0.61	WIESE FREDRIK		NOR
497,400	0.61	DnB NOR MARKETS, AKS		NOR
55,829,586	67.95			