

# Q1

## INTERIM REPORT 2020



# PRESENTERS AND AGENDA



**Arne Mjøs**  
Chief Executive  
Officer

Highlights of the quarter  
Business review



**Bent Hammer**  
Chief Financial  
Officer

Financial review  
Outlook

# HIGHLIGHTS OF THE FIRST QUARTER

## High growth and profitability in core digital business

Gross profit growth of 20%

EBIT margin of 14.2% (11.7%)

## Total business

Revenue NOK 161.9 (142.8) million, up by 13% y-o-y

Gross profit NOK 141.1 (122.6) million, up by 15% y-o-y

EBIT of NOK 19.2 (13.8) million, 11.9% (9.7%) margin

## COVID-19

Only minor setback from industries most impacted by COVID-19

Increasing revenue from new customers and new industries

## Grow people

Several key new positions for further growth

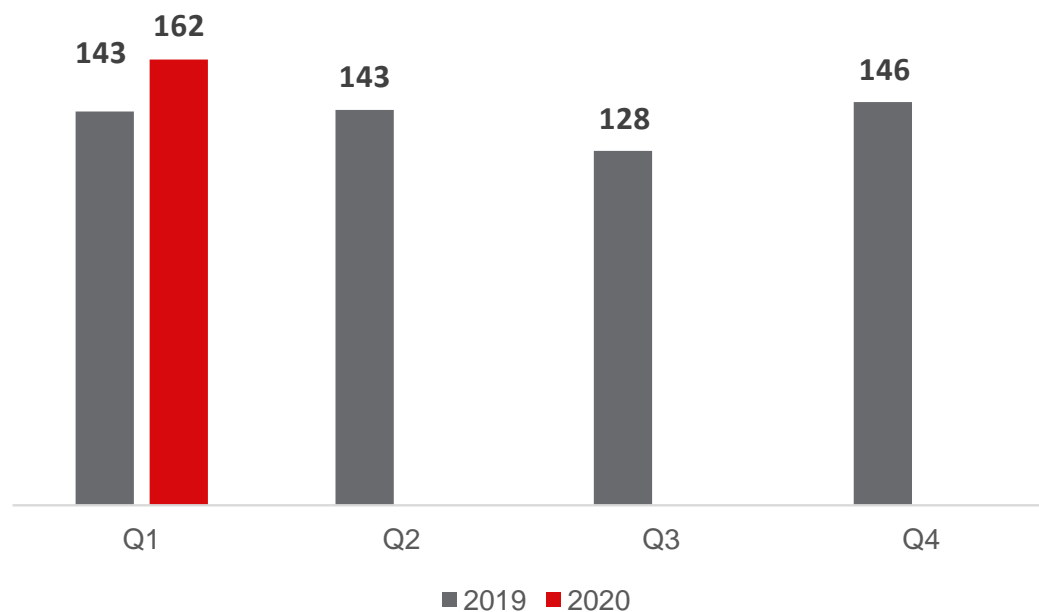
Number of employees increased by 39 last 12 months

## Dividend

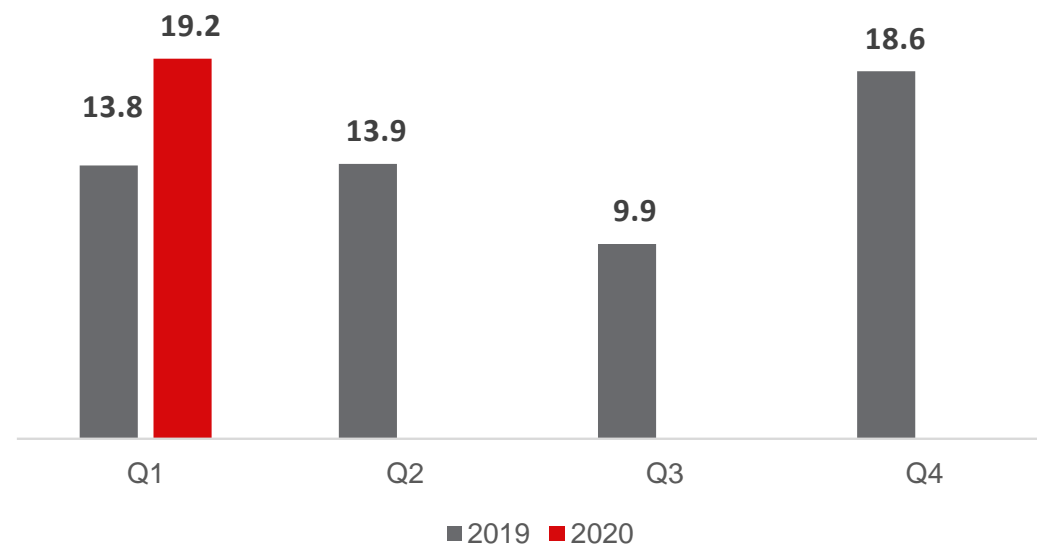
Proposed ordinary dividend for 2019 reduced to NOK 0.20 per share with authorisation to distribute additional dividends later

# HIGHLIGHTS OF THE FIRST QUARTER

**Revenues**  
NOK million



**EBIT**  
NOK million

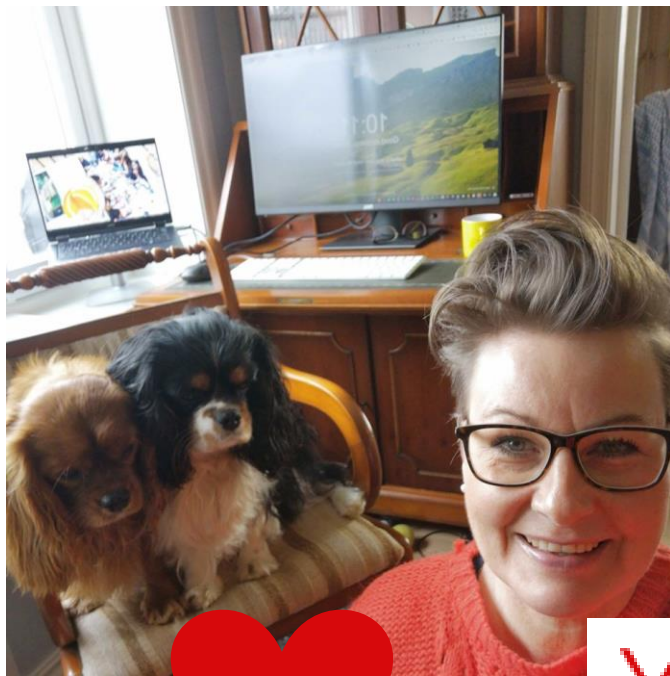




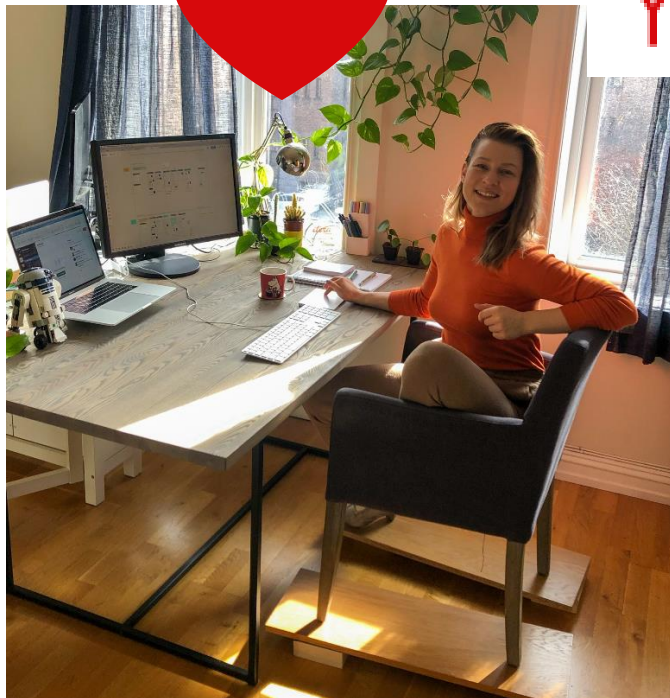
A group of people in a room, some standing and clapping, others sitting at tables, with a red overlay and the text "Business review".

# Business review





You make a difference!

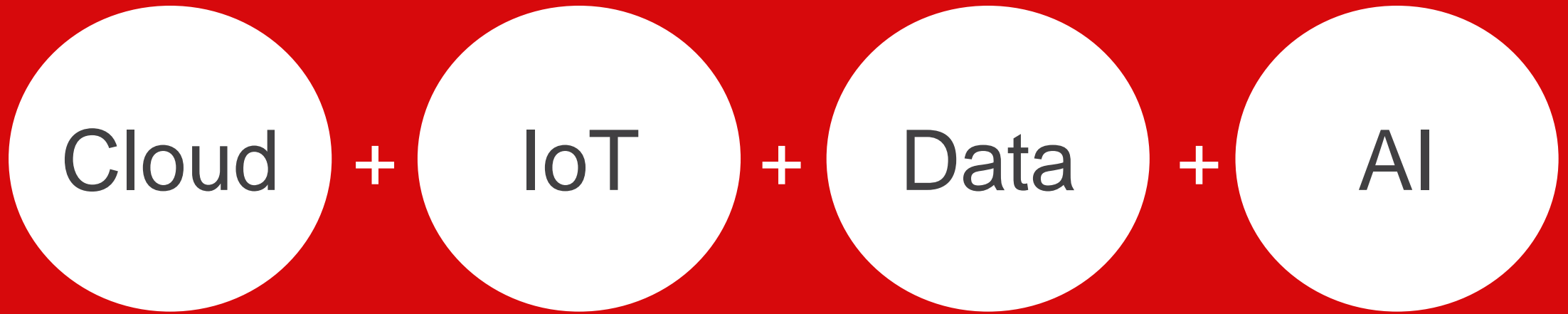


# THE SPECIALIST IN CREATING SUSTAINABLE DIGITAL BUSINESS





# COVID-19 speeds up digital change



## PLATFORM FIRST



# THE SHIFT IS SPOT ON OUR STRATEGY

## Digital change speeds up

- The value of digital channels, products and operations is immediately obvious to companies everywhere now
  - E.g.: remote work as the new standard, telehealth, shopping on ecommerce, integrated home delivery, etc.
- We are seeing more industries gravitate to Artificial Intelligence as the potential to realize meaningful change and innovation is strong
  - E.g: radical innovation is needed in oil & gas to cope with substantial lower oil & gas prices

## A window of opportunity for Itera

- Proactively work with existing and new customers to enable their digital change
- Drive ONE Itera in both sales and delivery
  - Demonstrate our multi-disciplined teams across geography versus onsite CV model
  - Drive our hybrid delivery model to enable more for less
- Continue training, certifications and hands-on labs on digital platforms

# FOCUS AREAS 2020



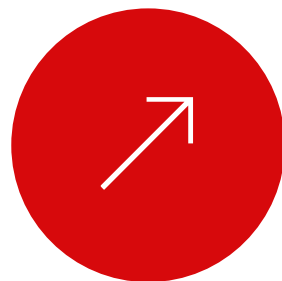
## Grow people

### WHY

Our employees are our most valuable asset

### HOW

Challenging projects, future oriented competence development, visible and attractive brand, strong recruitment pipeline & results.



## Grow customers

### WHY

Growth creates exciting opportunities for employees and customers

### HOW

Increase efforts at customers, regions and markets with highest potential. Deliver superior customer experience to our key customers.



## A winning team

### WHY

We have what it takes to be among the best

### HOW

Win prestigious projects for strong brands. Deliver excellent customer experience. Win awards. Celebrate our common results. Walk the extra mile – together.



## Sustainability

### WHY

We want to create the society of tomorrow

### HOW

Capitalize on Itera's sustainability experience. Actively pursue, establish and report on indicators founded on UN's Sustainability Development Goals.



## **Anine Ragnif**

Chief Delivery & Performance  
Officer

25 years experience from the  
IT industry



## **André Nymoen**

Chief Experience Officer

25 years experience in digital  
media in Norway and UK



## **Mette Mowinckel**

HR Director

20+ years experience from  
HR positions in the IT industry



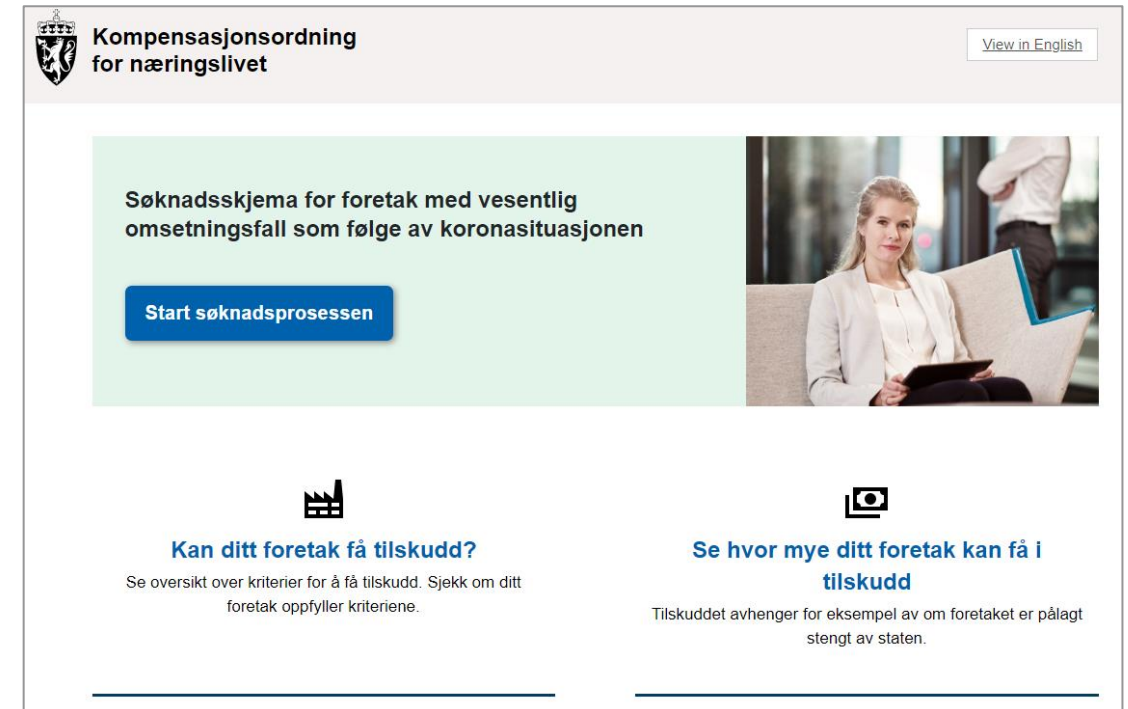
A photograph of an office interior with a strong red color overlay. In the foreground, a woman with blonde hair in a ponytail stands with her back to the camera, looking at a calendar on the wall. To her left, another person is seated, also with their back to the camera. In the center, a person is seated in an office chair, leaning back. To the right, a man is seated at a desk, looking at a computer monitor. The desk has a banana, a cup, and other items on it. The background shows large windows and another calendar on the wall.

# Selected projects

# KOMPENSASJONSORDNINGEN.NO

Bits engaged Itera to create and operate 24x7 management solutions for the COVID-19 Norwegian Government payout solution to enterprises with a significant drop in revenue

- COVID-19 First Responder status in Azure
- Advisory services in architecture and use of services and resources in Azure
- Creation of a safe and isolated operating environment in Azure
- Assets and capacity planning
- Creation of dashboards to determine the performance, health and availability of kompensasjonsordningen.no and a system for incidents
- Single Point of Contact (SPOC) 24x7 for follow-up and escalation of operational events



Digitaliseringsdirektoratet  
Norwegian Digitalisation Agency



*itera*



Microsoft



Skatteetaten

nets

# SMART USE OF DATA FOR SUSTAINABILITY

Today, the production of concrete accounts for 8 per cent of the global CO2 emissions.

The Norwegian company Elop has developed a technology that makes it possible to "read" the state of concrete using an ultrasonic scanner, called COBRI.



## Data driven solutions

- Itera has assisted Elop in developing a prototype for a system based on Cognite Data Fusion platform that collects pre-existing bridge data and weather data with data from the COBRI scanner.
- 3D data obtained from Elop's COBRI scanner makes it easier to identify defects or weaknesses in the concrete.
- Such condition data will make it easier to conduct preventive maintenance and plan future investment needs.

## Benefits

- Extended service life on critical infrastructure contributes positively to the environment, reduces community costs and can potentially save lives.







# TEAMS IN 24 HOURS

- Most organisations have experienced the importance of well-functioning digital interaction tools when physical presence is not desirable or practically feasible.
- During the first quarter, Itera implemented Microsoft Teams for a large Danish recruitment company with 800 employees.
- Normally a 30-day plan for this type of roll-out is recommended
- The roll-out was carried out together with the customer in just 24 hours – without physical presence.
- This way, all of their employees can work efficiently from home and be available to colleagues, partners and, not least, customers.

## Order intake from new and existing customers



ORDER  
INTAKE

Book-to-bill ratio<sup>\*)</sup> of 1.1 in Q1

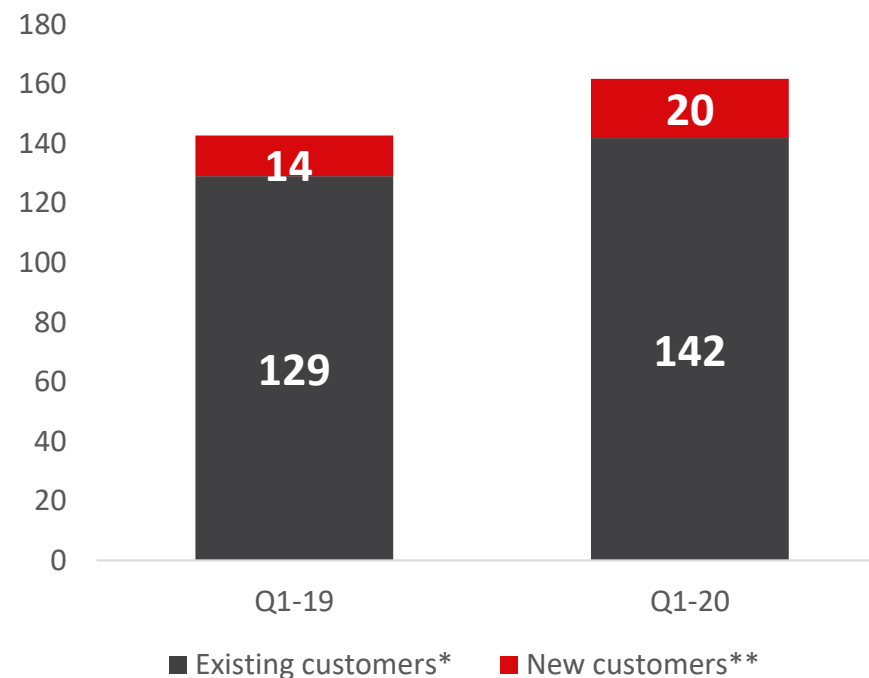
<sup>\*)</sup> The **book-to-bill ratio** is the ratio of orders received to the amount of revenue for a specific period for Itera units

# CUSTOMER DEVELOPMENT

- New business
  - Existing customers accounted for 87.7% (90.4%) of revenues in Q1 2020
  - New customers won over the past year generated revenues of NOK 19.9 (13.7) million in Q1 2020
- Good visibility
  - Share of revenue from top 30 customers steady at 77%
  - High customer concentration signifies
    - Strategic relationships
    - Full range of services
    - Hybrid delivery across borders

Revenue customers split

MNOK



\* Existing customers defined as customers that were invoiced in the corresponding quarter last year

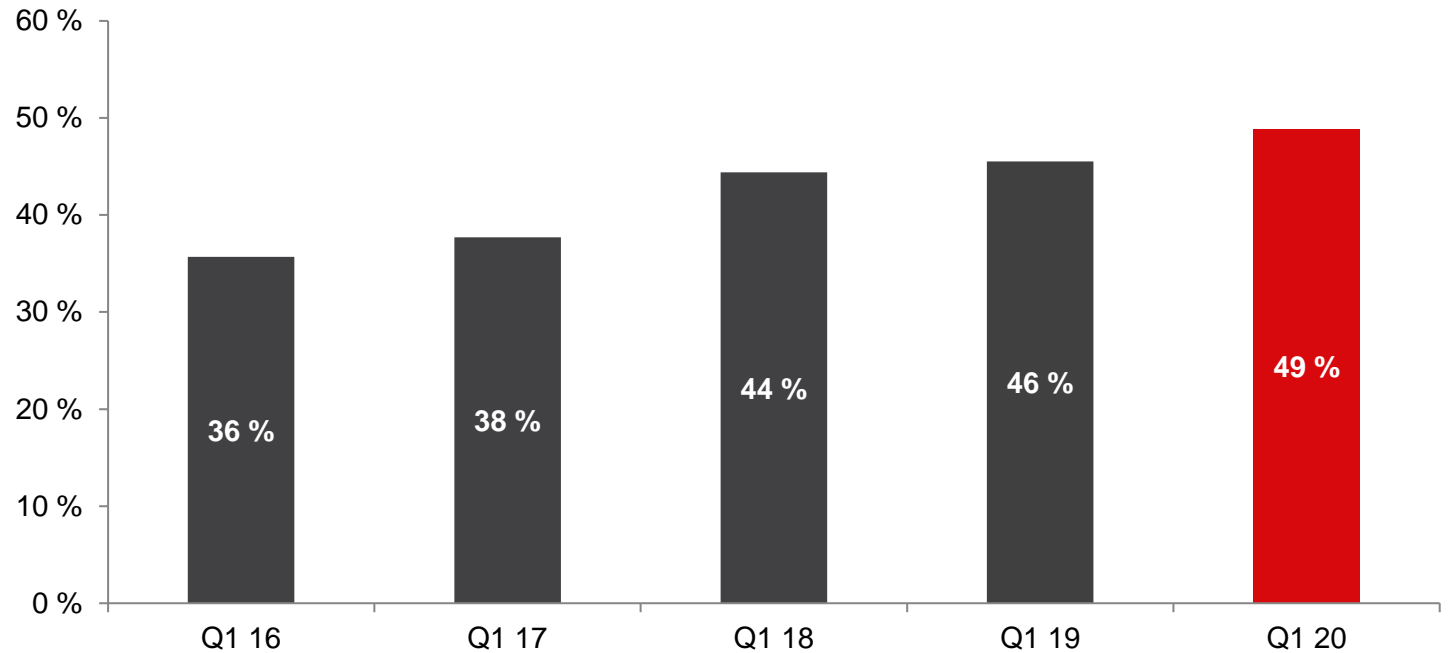
\*\* New customers defined as customers won since end of corresponding quarter last year





# NEARSHORE RATIO

% of all staff located nearshore



- Nearshore ratio of 49% in Q1 2020
- Our hybrid delivery model of onshore and nearshore consultants are increasing our price competitiveness as well as providing a high degree of scalability through access to a very large resource pool

# Financial review



# KEY FIGURES

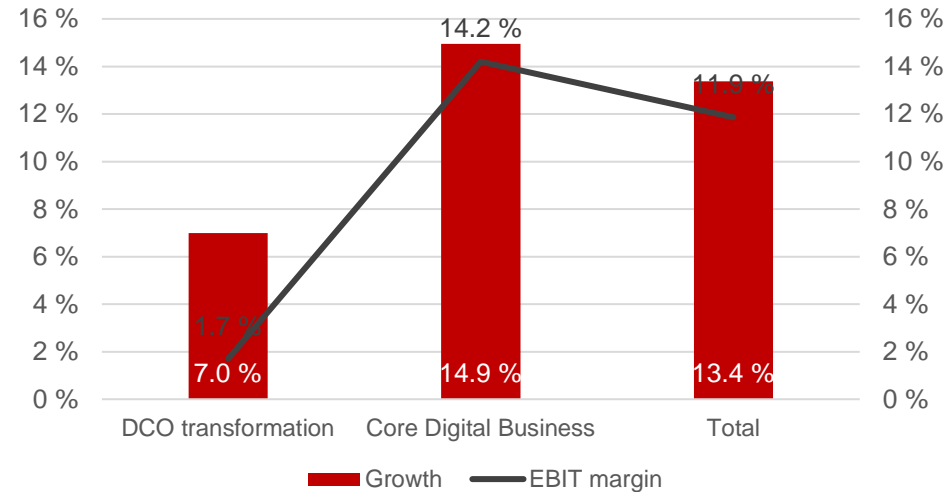
	2020	2019	Change	2019
NOK Million	1-3	1-3	%	FY
Sales revenue	161.9	142.8	13 %	560.3
Gross profit	141.1	122.6	15 %	483.0
Personnel expenses	99.4	90.3	10 %	348.3
Other opex	12.4	10.0	24 %	42.7
EBITDA	29.3	22.3	31 %	92.0
EBITDA margin	18.1 %	15.6 %	2.5 pts	16.4 %
Depreciation	10.1	8.5	19 %	35.8
EBIT	19.2	13.8	39 %	56.2
EBIT margin	11.9 %	9.7 %	2.2 pts	10.0 %
Net cash flow from operations	7.5	(5.0)	249 %	80.0
Cash and cash equivalents	50.7	43.2	17 %	53.1
Equity ratio	25.6 %	22.3 %	3.3 pts	19.2 %
Employees at end of period	527	488	8 %	512
Employees in average	519	487	7 %	498

- Profitable revenue growth driven by core digital business and success of hybrid delivery model
- Positive capacity growth
- Cash flow from operations seasonably strong

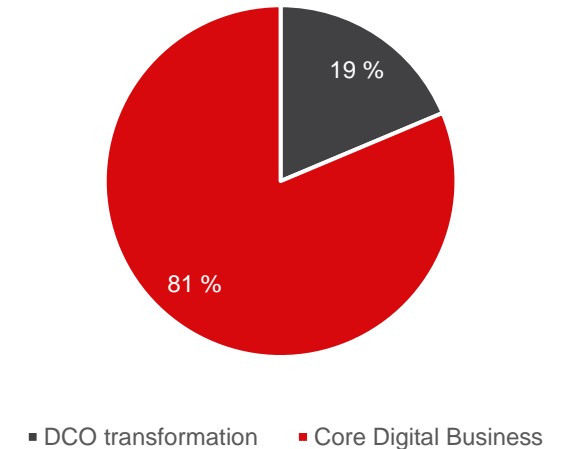


# BUSINESS SEGMENTS

Growth and profitability



Share of revenue



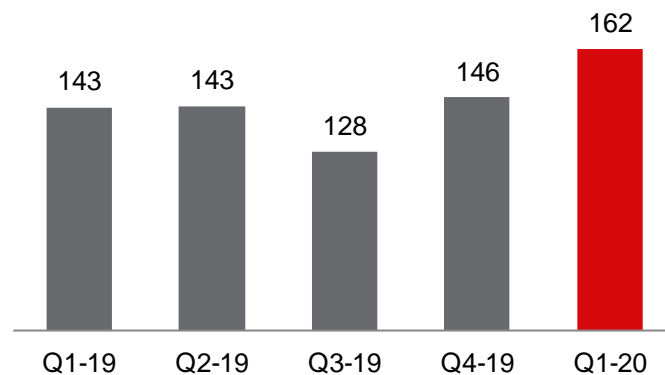
- Core digital business growing at high speed and profitability
- Traditional data centre operations under transformation to cloud services. Still significant growth due to consumption increases.
- The new managed cloud service offering has been included into core digital business after the initial investments last year\*

\* ) Last year's figures have been restated to new classification



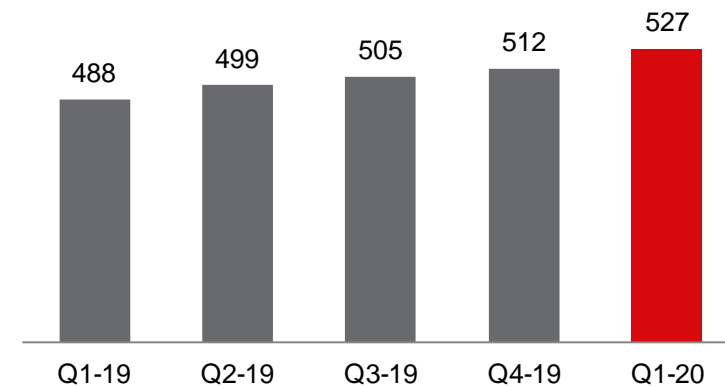
## Operating revenue

NOK million



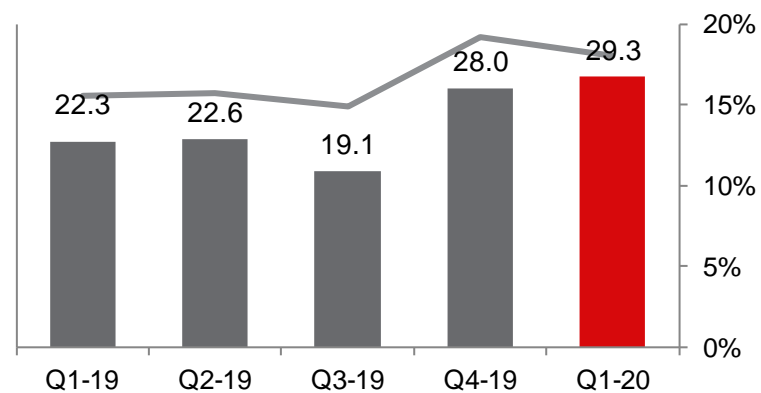
## Employees

End of period



## EBITDA

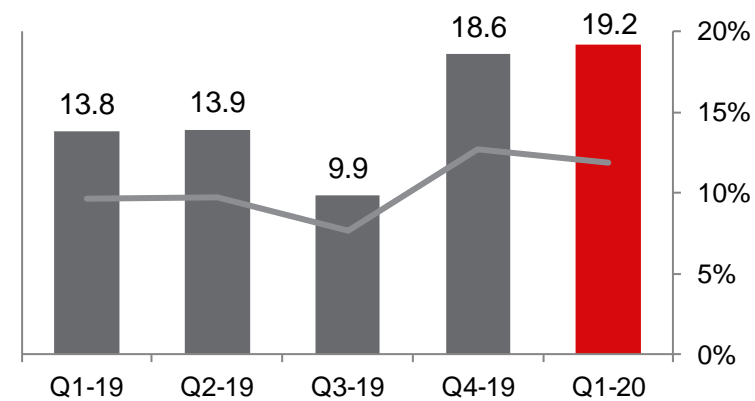
NOK million



## EBIT

NOK million

Margin



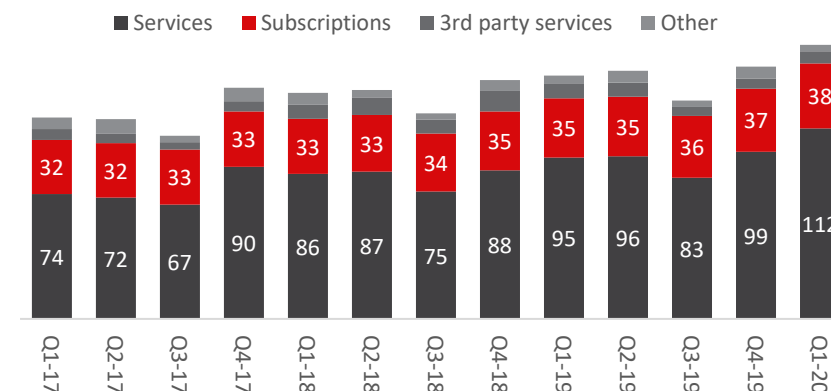
# REVENUE SPLIT

## Revenue increased by 13% y-o-y

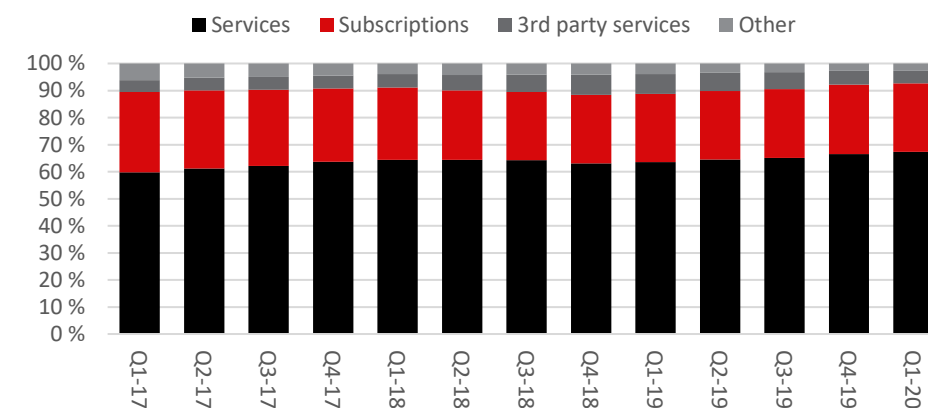
- Service revenues from own consultants increased by 18% to NOK 112 million
- Subscription revenue increased by 10% to NOK 38 million
- 3<sup>rd</sup> party service revenue decreased by 19% to NOK 7 million
- Other revenue, incl. HW/SW sales, increased by 8% to NOK 4 million

## Revenue split (quarterly figures)

NOK Million



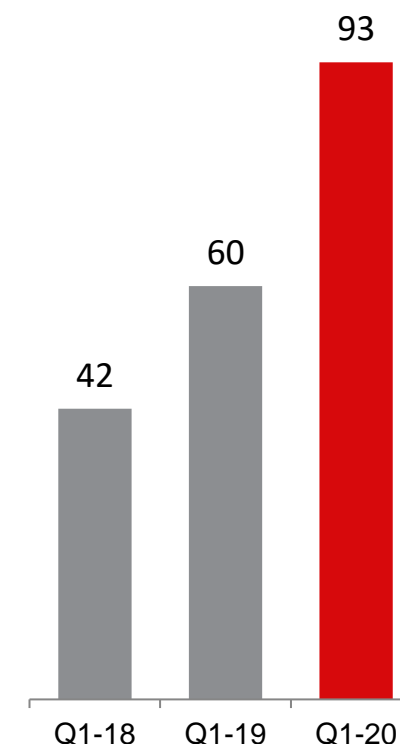
## Revenue percentage split (rolling 12 months)



# STATEMENT OF CASH FLOW

NOK Million	2020 1-3	2019 1-3	2019 FY
Cash flow from operations (EBITDA)	29.3	22.3	92.0
Change in balance sheet items	(21.8)	(27.3)	(12.0)
<b>Net cash flow from operating activities</b>	<b>7.5</b>	<b>(5.0)</b>	<b>80.0</b>
<b>Net cash flow from investment activities</b>	<b>(3.8)</b>	<b>(5.5)</b>	<b>(18.8)</b>
Purchase of own shares	(0.6)	-	(0.1)
Sale of shares	-	-	2.1
Instalment of lease liabilities	(1.9)	(2.1)	(9.1)
External dividend paid	-	-	(44.7)
<b>Net cash flow from financing activities</b>	<b>(2.5)</b>	<b>(2.1)</b>	<b>(51.8)</b>
<b>Net change in bank deposits and cash</b>	<b>(2.4)</b>	<b>(15.8)</b>	<b>(0.5)</b>
<b>Bank deposits at the end of the period</b>	<b>50.7</b>	<b>43.2</b>	<b>53.1</b>
New borrowing related to leasing	0.6	3.2	11.5

12 month rolling  
cash flow from operations  
(NOK Million)

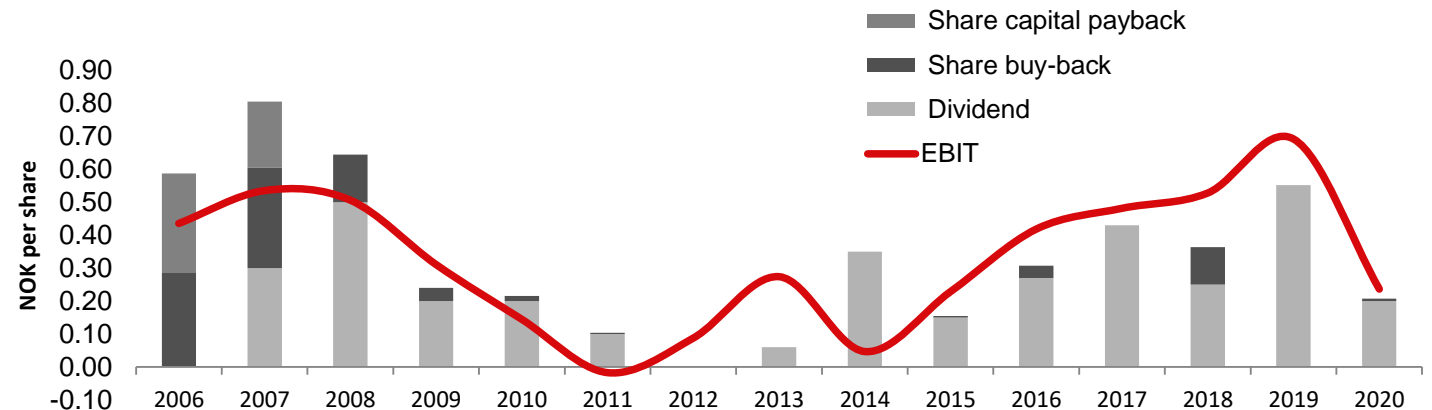


- Cash flow from operations NOK 7.5 (-5.0) million in Q1
- 12 month rolling cash flow from operations was NOK 93 million



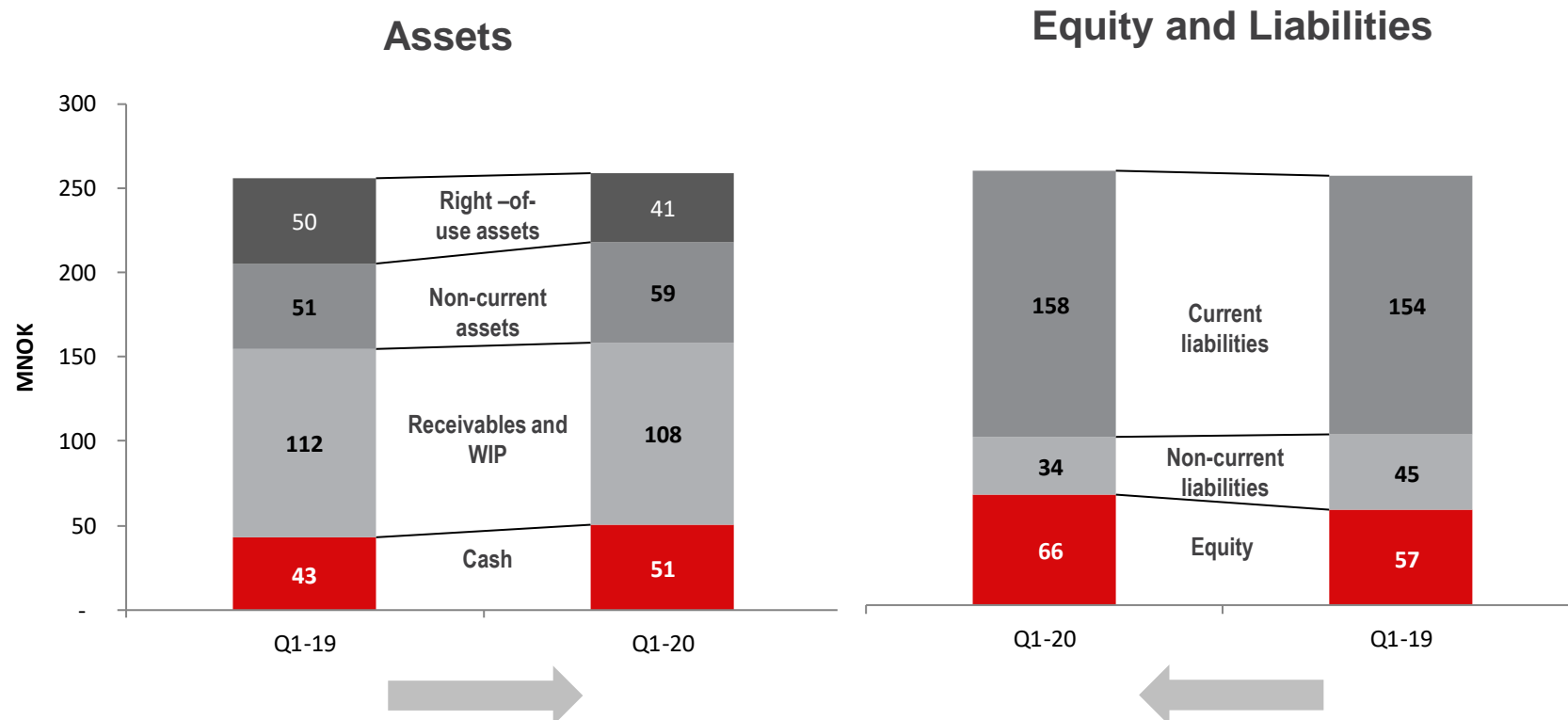
# DIVIDEND AND OWN SHARES

- The Board will propose an ordinary dividend of NOK 0.20 per share to be paid on 4 June 2020
- Share price was NOK 8.48 at the end of Q1 2020, an increase of 2.9% from NOK 8.24 at the end of Q1 2019.
- Current holding of own shares is 835,057 shares, increased by 65,166 in the quarter
- Consistent high distribution of earnings



# STATEMENT OF FINANCIAL POSITION

- Equity ratio of 26% (22%) per 31 March
- Cash balance of MNOK 51 (MNOK 43)



# Outlook

A photograph of three business professionals (two women and one man) standing on a balcony, smiling and holding coffee cups. They are looking at each other in a friendly conversation. The background shows a cityscape with buildings and trees. The entire image is overlaid with a semi-transparent red filter.

A photograph of two people in an office setting. A woman with long dark hair, wearing a dark blazer over a light-colored shirt, is leaning forward and pointing at a computer monitor. She is smiling. A man with a beard and short dark hair, wearing a light-colored t-shirt, is sitting at the desk and looking at the monitor. He is also smiling. The background shows a modern office with large windows and some office equipment.

# OUTLOOK

- Underlying attractive market with high demand for digitalisation in all Nordic markets, but COVID-19 now strongly impacting economy and softening demand
- Itera well positioned to gain market shares through attractive hybrid delivery model
- 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.



# Q&A session

A red-tinted photograph of a Q&A session in a meeting room. A man stands near a table with a coffee pot, talking to a group of people. A wall on the left is covered in sticky notes.

# TOP 20 SHARE- HOLDERS

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	27.96	NOR	22 975 545
2	OP CAPITAL AS	5.41	NOR	4 443 357
3	GIP AS	4.60	NOR	3 779 054
4	EIKESTAD AS	4.38	NOR	3 602 500
5	DnB NOR Bank ASA	4.08	NOR	3 350 000
6	SEPTIM CONSULTING AS	3.52	NOR	2 890 000
7	BOINVESTERING AS	3.21	NOR	2 640 000
8	GAMST INVEST AS	2.81	NOR	2 313 441
9	STOREBRAND VEKST	2.57	NOR	2 114 912
10	JØSYRA INVEST AS	2.68	NOR	2 200 000
11	MARXPIST INVEST AS	2.47	NOR	2 031 588
12	FRAMAR INVEST AS	1.22	NOR	1 000 000
13	AANESTAD PANAGRI AS	1.10	NOR	900 000
14	ITERA ASA	1.02	NOR	835 057
15	ALTEA PROPERTY DEVELOPMENT AS	0.85	NOR	700 000
16	SÆTRANG	0.83	NOR	685 000
17	HØGBERG	0.78	NOR	640 166
18	JENSEN	0.78	DEN	640 000
19	NYVANG	0.77	NOR	630 000
20	SOBER KAPITAL AS	0.75	NOR	620 000
<b>TOP 20</b>		<b>71.78</b>		<b>58 990 620</b>

\*Arne Mjøs Invest AS holds a future contract expiring 19 June 2020 on 3,350,000 shares at an average price of NOK 9.2759 per share. The total controlling interest of Arne Mjøs is thus 26,325,545 shares (32.0%).

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