

Q4

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 FOURTH QUARTER

High growth and profitability in core digital business (81% of total)

Gross profit growth of 14%

EBIT margin of 10.0% (16.1%)

Total business

Revenue NOK 168.2 (146.0) million, up by 15% y-o-y

Gross profit NOK 149.5 (127.2) million, up by 18% y-o-y

Adjusted EBIT of NOK 16.8 (18.6) million, 10.0% (12.7%) margin

Business

Accelerating in B2B market segments

Strong book-to-bill of 1.6 in core digital business

Downscaling of own data centres and migration to cloud

Grow people

Named Top 10 European Digital Banking solution provider

Number of employees increased by 57 last 12 months

Cash & Dividend

Strong 12 month rolling cash flow from operations of NOK 102 million

Proposed ordinary dividend of NOK 0.25 per share

HIGHLIGHTS OF THE FOURTH QUARTER

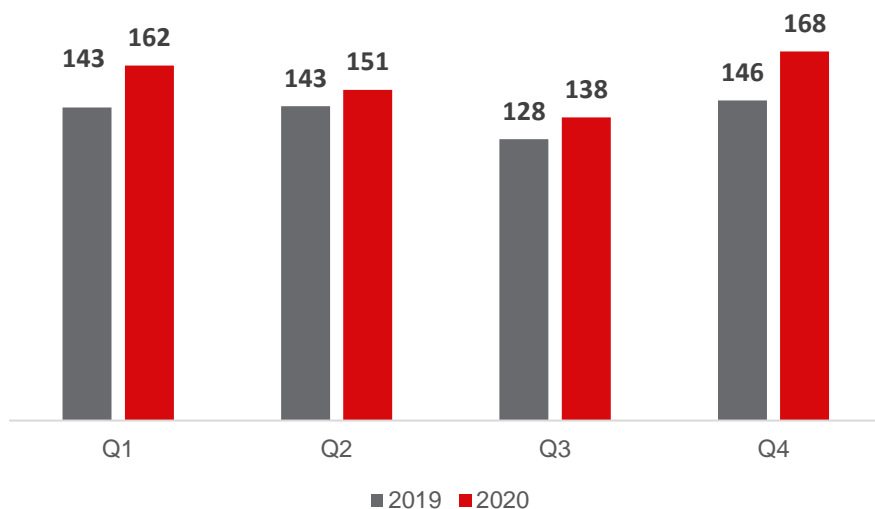
Core digital business:

- Gross profit growth of 14.0% (12.1% YTD)
- EBIT margin of 10.0% (11.8% YTD)

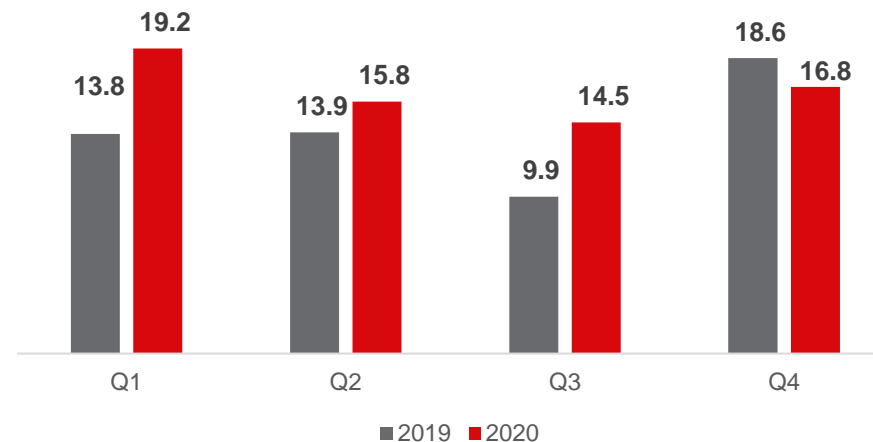
Total business:

- Gross profit growth of 17.5% (12.5% YTD)
- Adjusted EBIT margin of 10.0% (10.7% YTD)

Revenues NOK million



EBIT, adjusted NOK million





Business review

2020 HIGHLIGHTS

Top 25 in
innovation 5
years in a row

Top 4 Global &
Top 1 Europe in
Project
Management

10% new
customers
and industries

Sustainability is a
core part of our
business model

11%

Growth in core
digital business

Strengthen core
digital business
capabilities

Strong talent
attraction

150+
certifications

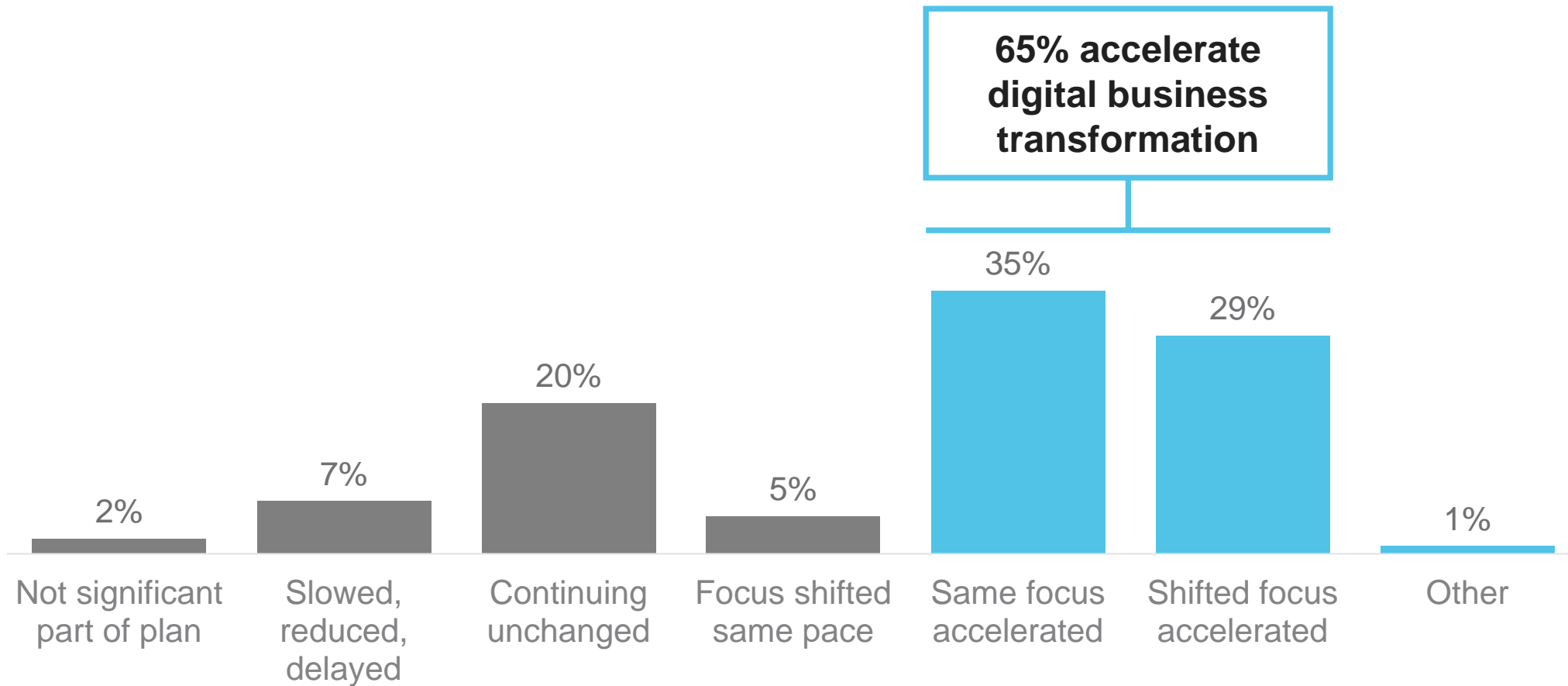
Increasing
summer
internships and
graduates
despite Covid 19

Strong
partnerships
Cognite
DNV GL
Microsoft

24%

Growth in hybrid
business

CRISIS IMPACT ON DIGITAL BUSINESS TRANSFORMATION



Source: Gartner Symposium 2020

TOWARDS INDUSTRIAL DIGITALISATION

DIGITAL TRANSFORMATION B2C

Digital transformation has been underway for 10-15 years

Medium/high digital maturity

Steady growth potential

- Banking
- Insurance
- Public
- Retail
- Others

INDUSTRIAL DIGITALISATION B2B

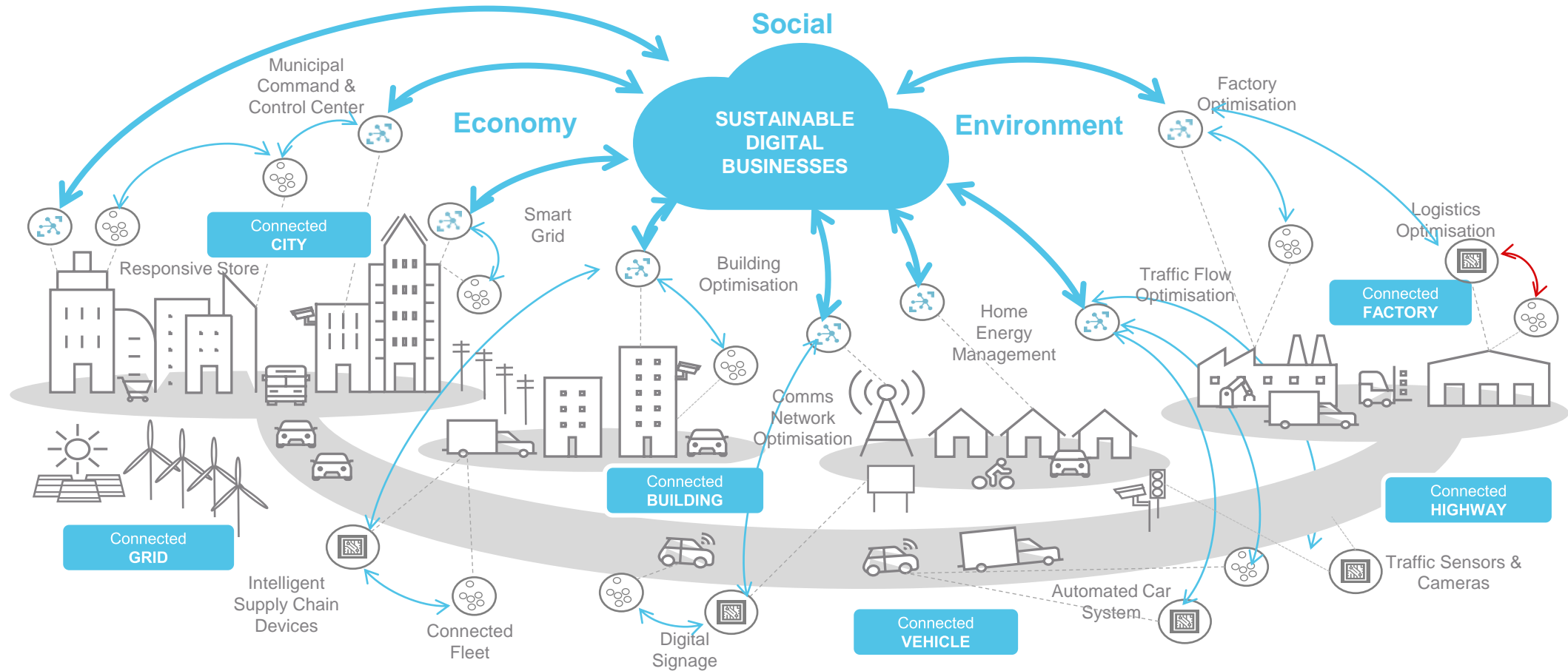
Industry at the very beginning of its digitalisation journey

Low digital maturity, increasing sense of urgency

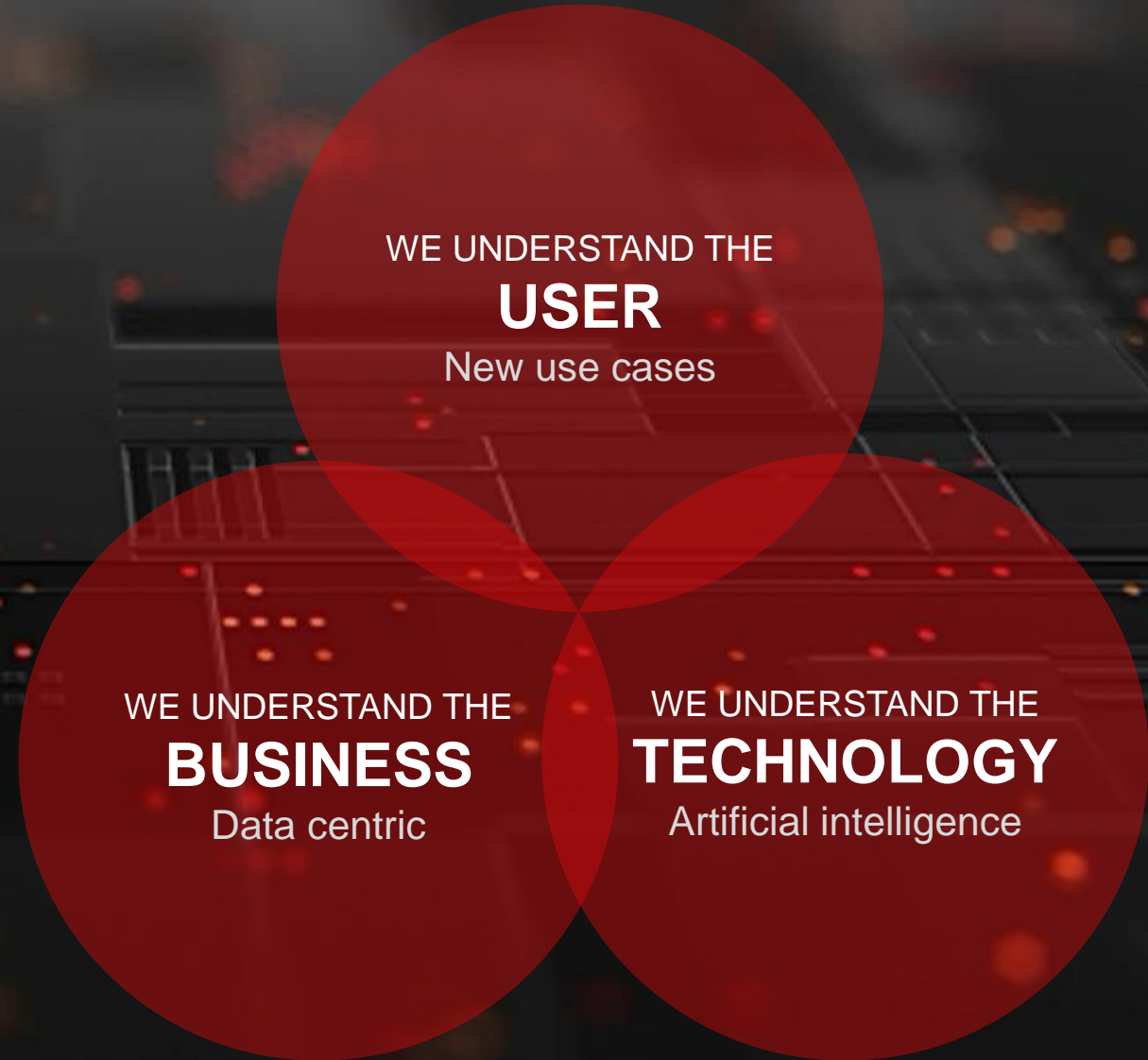
Fast growth potential

- Oil & gas and its green transition
- Power & utilities
- Manufacturing
- Maritime
- Fishery

DIGITALISATION = SUSTAINABILITY



THE SPECIALIST IN CREATING SUSTAINABLE DIGITAL BUSINESS



STRONG INTERNATIONAL TRACTION

TOP 25 MOST INNOVATIVE COMPANY IN NORWAY

Award by Innovasjonsmagasinet across all industries in Norway 2016, 2017, 2018, 2019 and 2020



TOP 1 IN THE WORLD IN CROSS-BORDER DELIVERY

Award by the Global Sourcing Association 2018



TOP 1 IN EUROPE WITHIN PROJECT MANAGEMENT

Award by the Global PMO Alliance in 2020



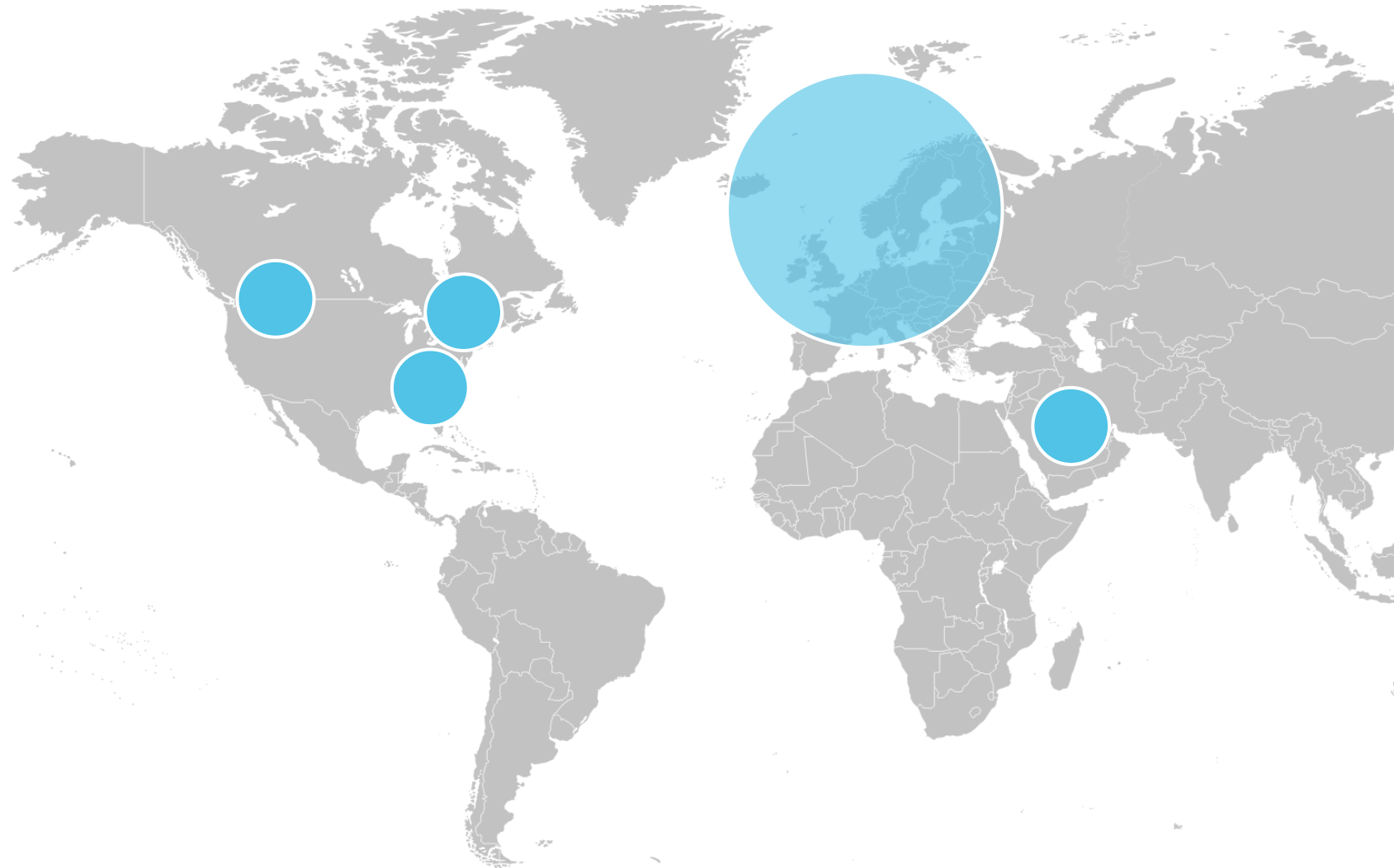
TOP 10 EUROPEAN DIGITAL BANKING SOLUTION PROVIDER

Award by Banking CIO Outlook in 2020



NORDIC ORIGIN WITH AN INTERNATIONAL APPROACH

- The Nordics is often positioned as digital and sustainable front-runners that gives us an attractive position for international customers
- We are growing together with international customers and partners based on our ONE Itera model across borders
- We will consider moving into new geographies if the opportunity is substantial, long-term value and controllable risks



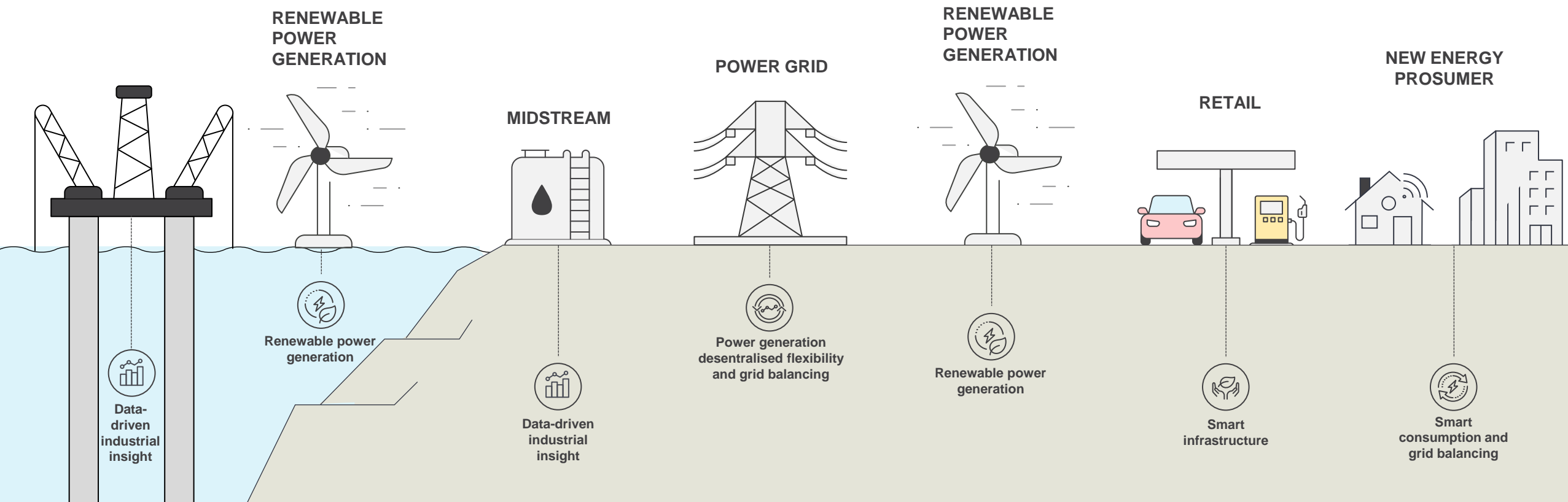
REVITALISING OUR BRAND

We are launching a new revitalised brand in Q1:

- more professional outlook
- stronger international position
- high value partner

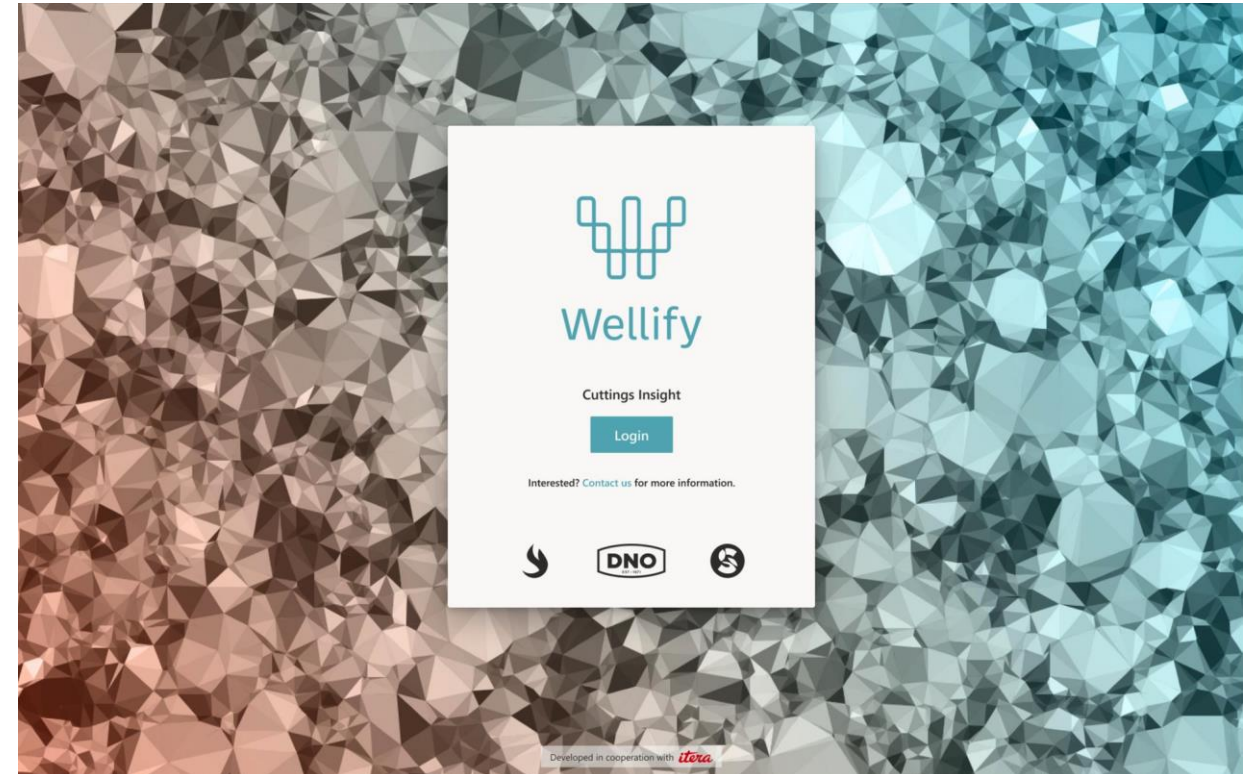


TRANSFORMING THE ENERGY SECTOR



TOWARDS AI POWERED WELL EXPLORATION

- The Released Well Initiative is an example of digital transformation of Norwegian Continental Shelf where large volume of historical drilling cutting samples from released wells digital are made available to the public
 - About 1600 wells until now
 - 600 000 cuttings samples
- Pandion Energy teamed up with Itera to build upon this initiative to assess, visualise and analyse large amount of well cuttings data and use AI solutions powered by cloud technology to transform the way geoscientists work
- The new solution Cutting Insight enables Pandion Energy to make more data-driven and sustainable decisions such as:
 - seek exploration and delimitation opportunities in areas with possible access to renewable electricity
 - include the carbon cost in the calculations for new investments



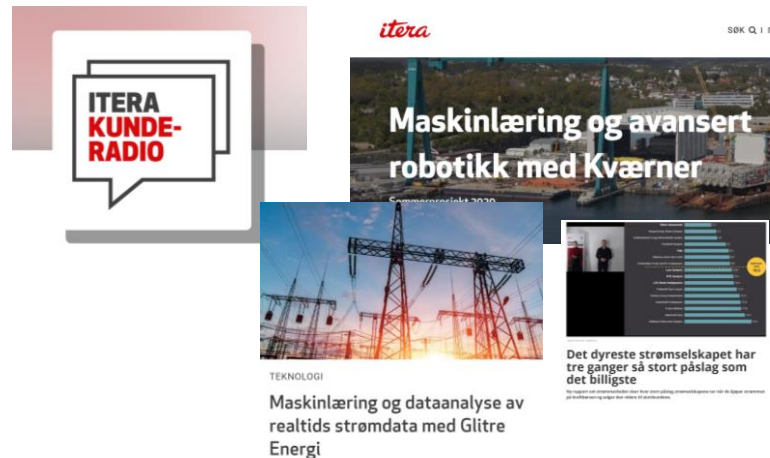
REALISE THE FUTURE OF ENERGY

INSIGHTS: MARKEDSRAPPORT STRØM



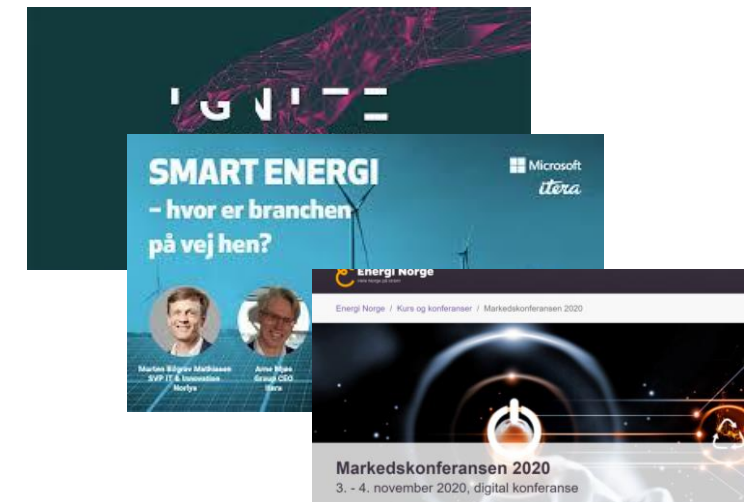
- Power market analysis report developed in partnership with Thema Consulting
- Sold to the Norwegian power market
- Good media exposure
- Next editions in March and September 2021

MARKET ACTIVITIES



- New customer meetings
- Seminars and webinars
- Podcasts
- New partnerships, i.e Norwegian offshore wind cluster

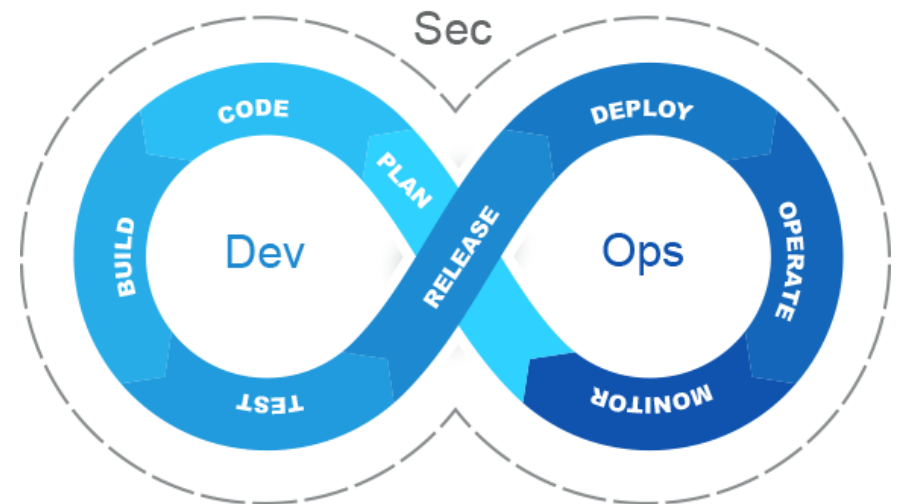
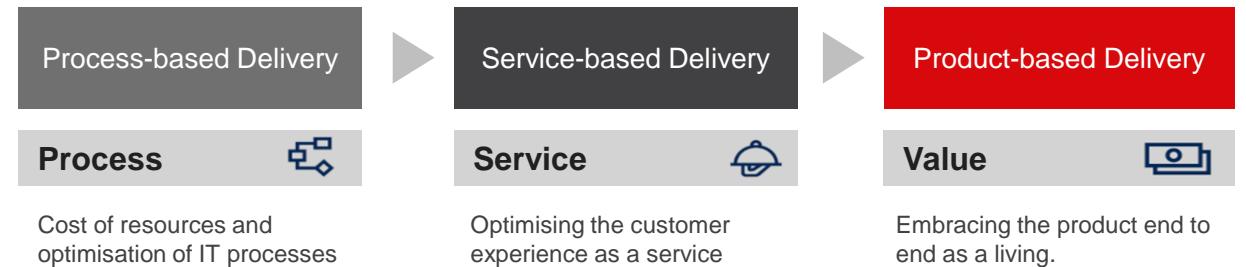
KEY NOTES & PODCASTS



- Cognite Ignite Conference
- Cognite and Itera Utilities Webinar
- Microsoft seminars
- Energi Norge Market Conference

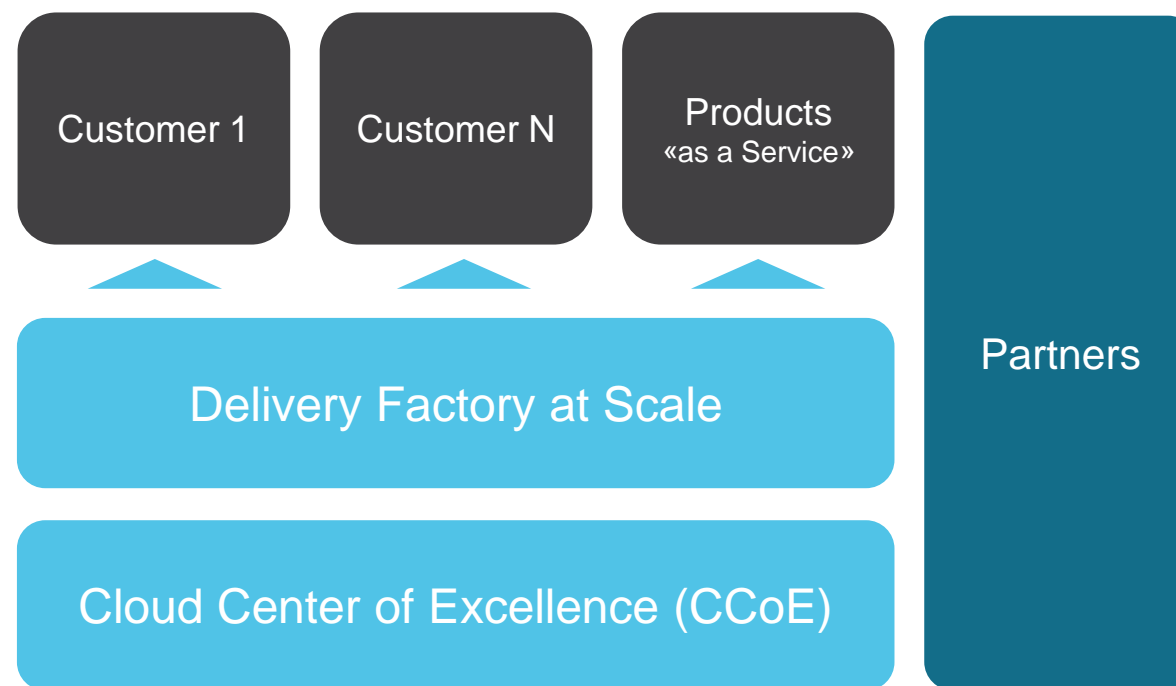
HIGH VALUE CREATION DELIVERY

- To succeed in digital transformation, our customers reorganise themselves into a product-based structure which is cross-functional and orchestrated around customer problems to increase time-to-market
- The increase in service- and product-based delivery is a big opportunity for Itera since we can distribute our work as ONE Itera with a full range of services across borders



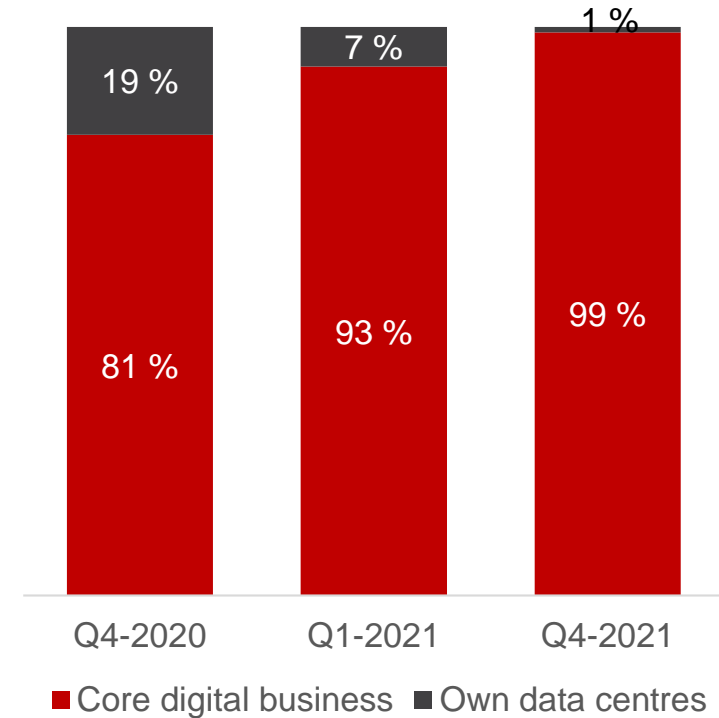
TOWARDS DELIVERY AT SCALE

- Our Delivery Factory at Scale consists of a full range of services and capabilities as ONE Itera across borders
 - Accelerate digitalisation
 - Total experience end-to-end
 - New revenue models, i.e. subscription-based
- We are investing in a Cloud Center of Excellence that will provide a scaling engine for massive data
 - Investments estimated to MNOK 15
 - Managing *everything* as a code
 - Both B2C and B2E customers



OWN DATA CENTER TRANSITION

- By the end of 2020, almost 2/3 of the business volume of our data centre operations had been successfully migrated to the cloud by customers.
- Most of the remaining customers will be engaged to move to the cloud by end of 2021



Order intake from selected new and existing customers

NORLYS

Gjensidige 

Statnett

Nordea Direct



PANDION ENERGY

Aize

 **winorg**

 **Santander**

TRAFSYS


COGNITE


INSURANCE
TECHNOLOGIES


storebrand


DNV-GL


mastercard.

 **ÖSSUR®**

Book-to-bill ratio^{*)} of 1.6 in Q4 for core digital business

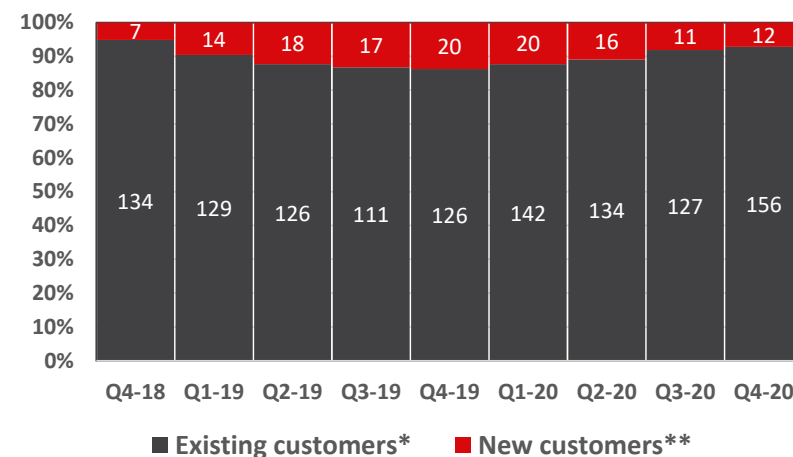
^{*)} The **book-to-bill ratio** is the ratio of orders received to the amount of revenue for a specific period for Itera units

**ORDER
INTAKE**

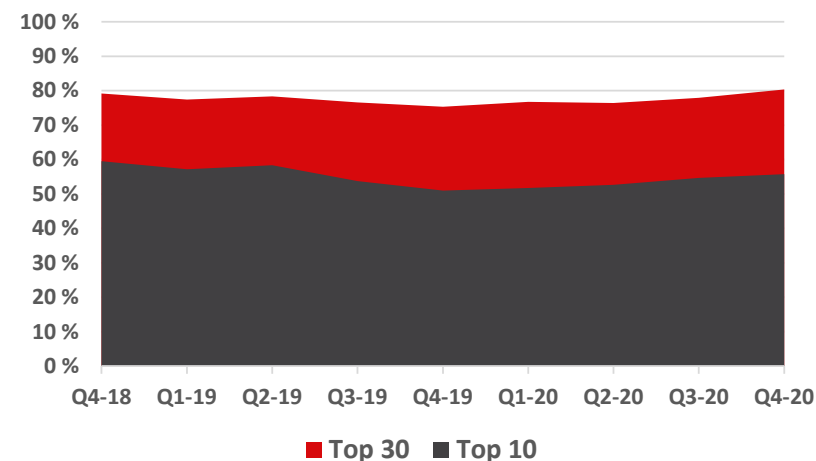
CUSTOMER DEVELOPMENT

- New business
 - Existing customers accounted for 92.8% (86.3%) of revenues in Q4 2020
 - New customers won over the past year generated revenues of NOK 12.1 (20.0) million in Q4 2020
- Good visibility
 - Share of revenue from top 30 customers 80% (75%)
 - High customer concentration signifies
 - Strategic relationships
 - Full range of services
 - Hybrid delivery across borders

Revenue customers split (in MNOK)



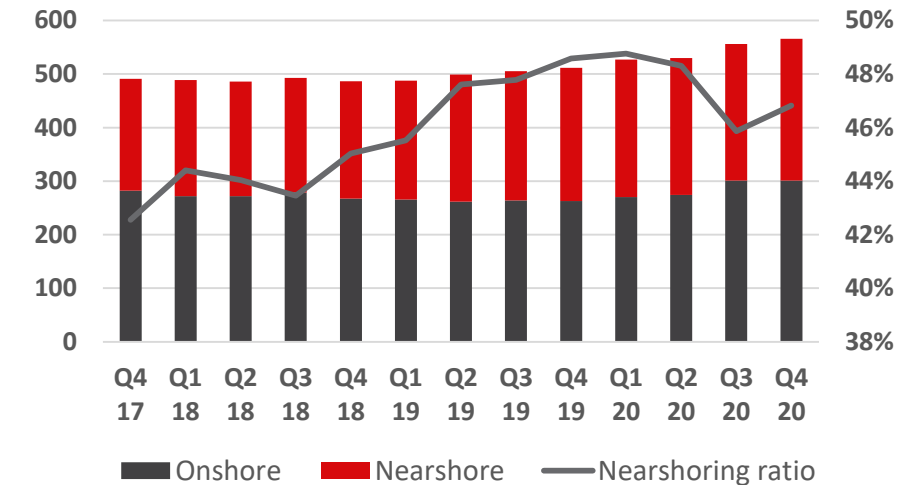
Largest customers' share of revenue



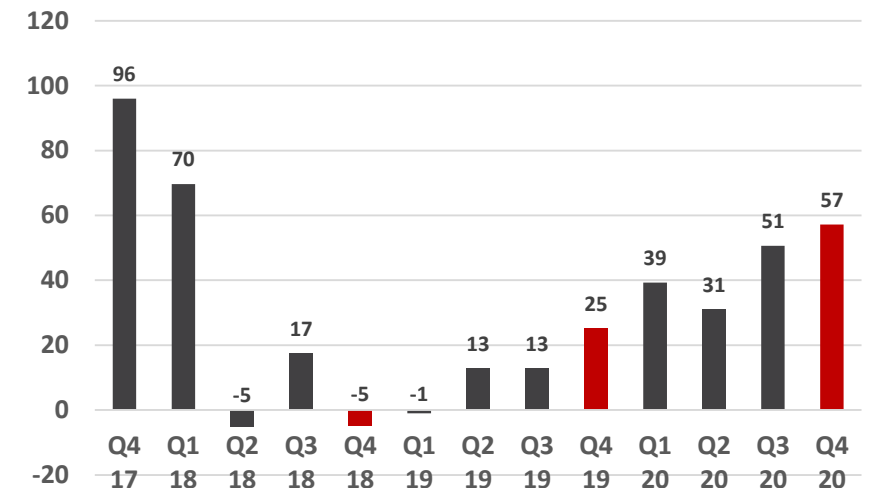
SKILLED AND INNOVATIVE EMPLOYEES

- 569 employees at the end of the quarter
 - Up 13 from last quarter and 57 from same period last year
 - 7 quarters of sequential growth
- Nearshore ratio of 47% (49%)
 - 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

Number of employees end of quarter by shore



Year-over-year growth in no. of employees



Financial review



KEY FIGURES

	2020 10-12	2019 10-12	Change %	2020 1-12	2019 1-12	Change %
NOK Million						
Sales revenue	168.2	146.0	15 %	619.1	560.3	10 %
Gross profit	149.5	127.2	18 %	543.6	483.0	13 %
Personnel expenses	110.5	87.9	26 %	392.4	348.3	13 %
Other opex	13.6	11.3	20 %	46.0	42.7	8 %
EBITDA	29.2	28.0	4 %	108.9	92.0	18 %
EBITDA margin	17.3 %	19.2 %	-1.9 pts	17.6 %	16.4 %	1.2 pts
Depreciation	12.4	9.5	31 %	42.5	35.8	19 %
EBIT	13.0	18.6	(30 %)	62.6	56.2	11 %
EBIT margin	7.7 %	12.7 %	-5 pts	10.1 %	10.0 %	0.1 pts
<i>EBIT adj.</i>	16.8	18.6	(10 %)	66.4	56.2	18 %
<i>EBIT margin adj.</i>	10.0 %	12.7 %	-2.8 pts	10.7 %	10.0 %	0.7 pts
Profit before taxes	12.4	17.6	(30 %)	61.8	53.6	15 %
Profit for the period	9.7	14.2	(32 %)	48.2	41.6	16 %
Net cash flow from operations	37.6	43.1	(13 %)	101.7	80.0	27 %
Cash and cash equivalents	54.4	53.1	2 %	54.4	53.1	2 %
Equity ratio	15.2 %	19.2 %	-4.1 pts	15.2 %	19.2 %	-4.1 pts
Employees at end of period	569	512	11 %	569	512	11 %
Employees in average	562	508	11 %	538	498	8 %

- High FTE-driven growth
- Revenue and depreciation incl. 2.8m contract termination fee and expense, respectively
- Personnel exp high due to restructuring costs, FX and bonus accruals
- Continued strong cash flow from operations

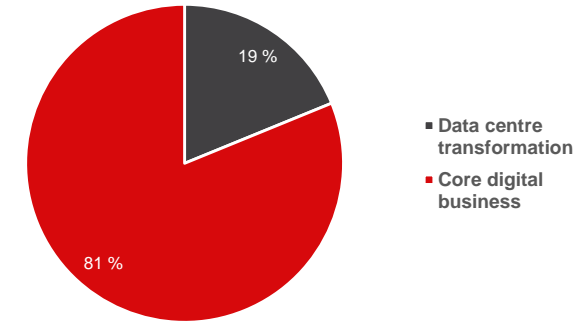
BUSINESS SEGMENTS

Revenue growth	Q4	YTD
Core digital business	14.7 %	10.8 %
Data centre transformation	17.5 %	9.0 %
Total	15.2 %	10.5 %

Gross profit growth	Q4	YTD
Core digital business	14.0 %	12.1 %
Data centre transformation	41.9 %	15.3 %
Total	17.5 %	12.5 %

EBIT margin	Q4	YTD
Core digital business	10.0 %	11.8 %
Data centre transformation	-2.0 %	2.9 %
Total	7.7 %	10.1 %

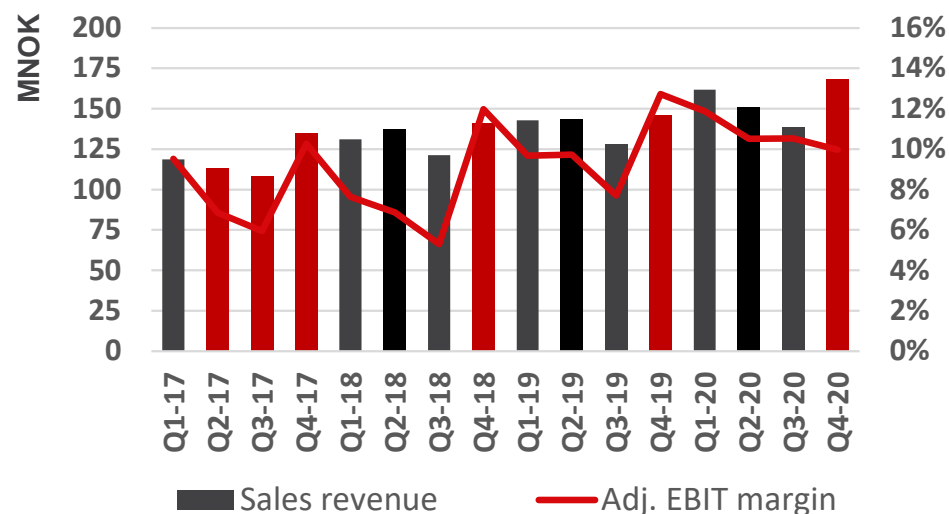
Share of revenue



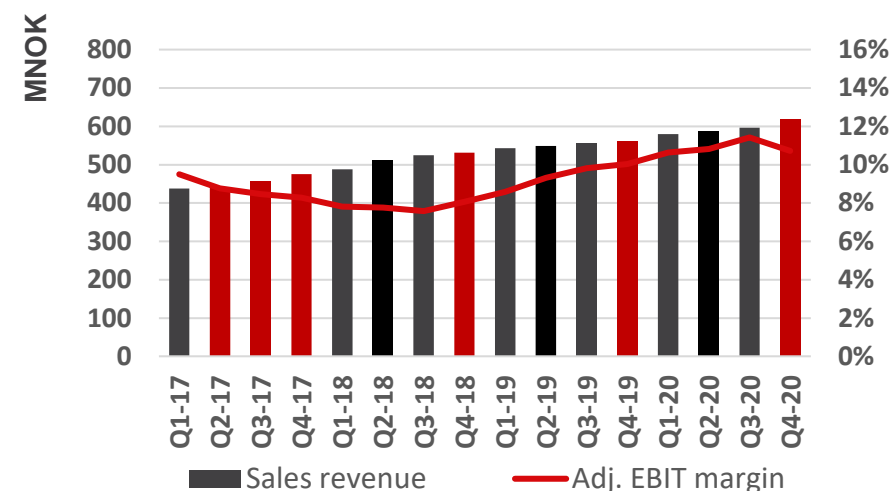
- Core digital business
 - Growing at high speed and profitability
- Data centre operations
 - MNOK 2.8 of termination fees with corresponding financial lease write-downs
 - MNOK 3.8 in restructuring charges from downsizing

REVENUE AND EARNINGS DEVELOPMENT

Quarterly Revenue and EBIT margin



Last 12 months Revenue and EBIT margin



- Revenue increased by 15% to 168 MNOK. EBIT margin down by 2.7 pts to 10.0% adjusted for restructuring costs.
- Last 12 months rolling revenue increased by 10% to 619 MNOK and EBIT by 11% to 66.4 MNOK before restructuring costs (62.6 MNOK including). EBIT margin of 10.7% (10.0%) adjusted for restructuring costs (10.1% reported)

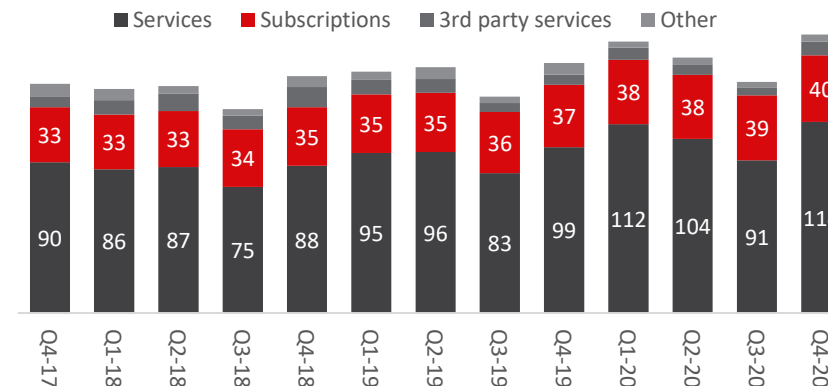
REVENUE SPLIT

Revenue increased by 15% y-o-y

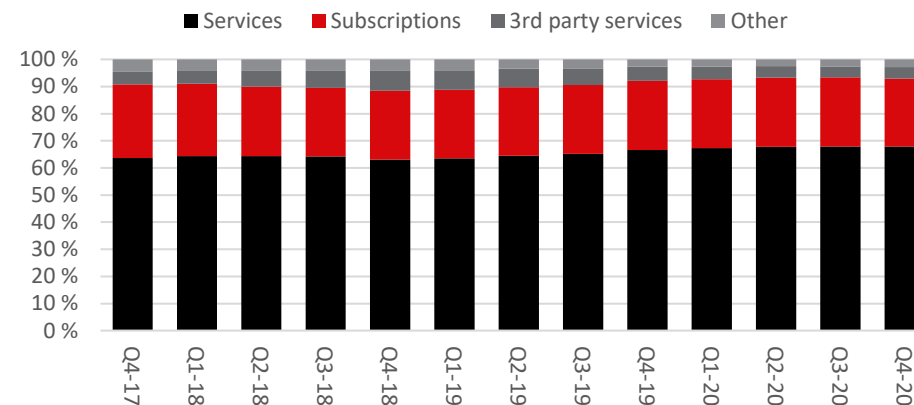
- Service revenues from own consultants increased by 15% to NOK 114 million
- Subscription revenue increased by 7% to NOK 40 million
- 3rd party service revenue increased by 33% to NOK 8 million
- Other revenue, incl. HW/SW sales, increased by 62% to NOK 7 million

Revenue split (quarterly figures)

NOK Million



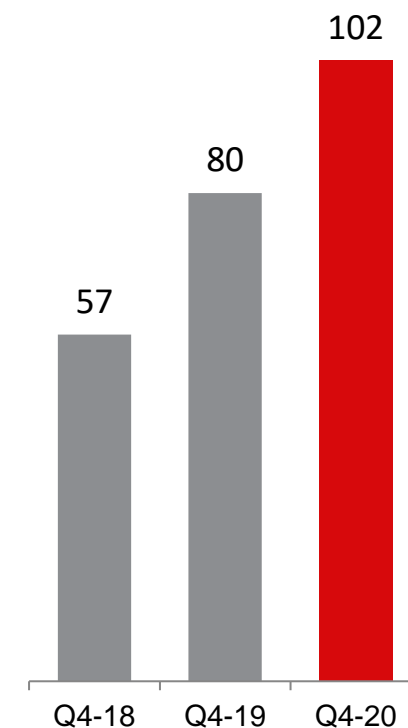
Revenue percentage split (rolling 12 months)



STATEMENT OF CASH FLOW

NOK Million	2020 10-12	2019 10-12	2020 1-12	2019 1-12
Cash flow from operations (EBITDA)	29.2	28.0	108.9	92.0
Change in balance sheet items	8.5	15.1	(7.1)	(12.0)
Net cash flow from operating activities	37.6	43.1	101.7	80.0
Net cash flow from investment activities	(4.8)	(4.9)	(17.0)	(18.8)
Purchase of own shares	-	-	(18.8)	(0.1)
Sale of shares	1.4	1.1	7.3	2.1
Principal elements of lease payments	(3.6)			
Instalment of lease liabilities	(1.5)	(2.5)	(8.6)	(9.1)
External dividend paid	(32.4)	-	(48.6)	(44.7)
Net cash flow from financing activities	(36.1)	(1.4)	(68.8)	(51.8)
Net change in bank deposits and cash	(3.3)	35.7	1.3	(2.2)
Bank deposits at the end of the period	54.4	53.1	54.4	53.1
New borrowing related to leasing	-	3.4	2.4	11.5

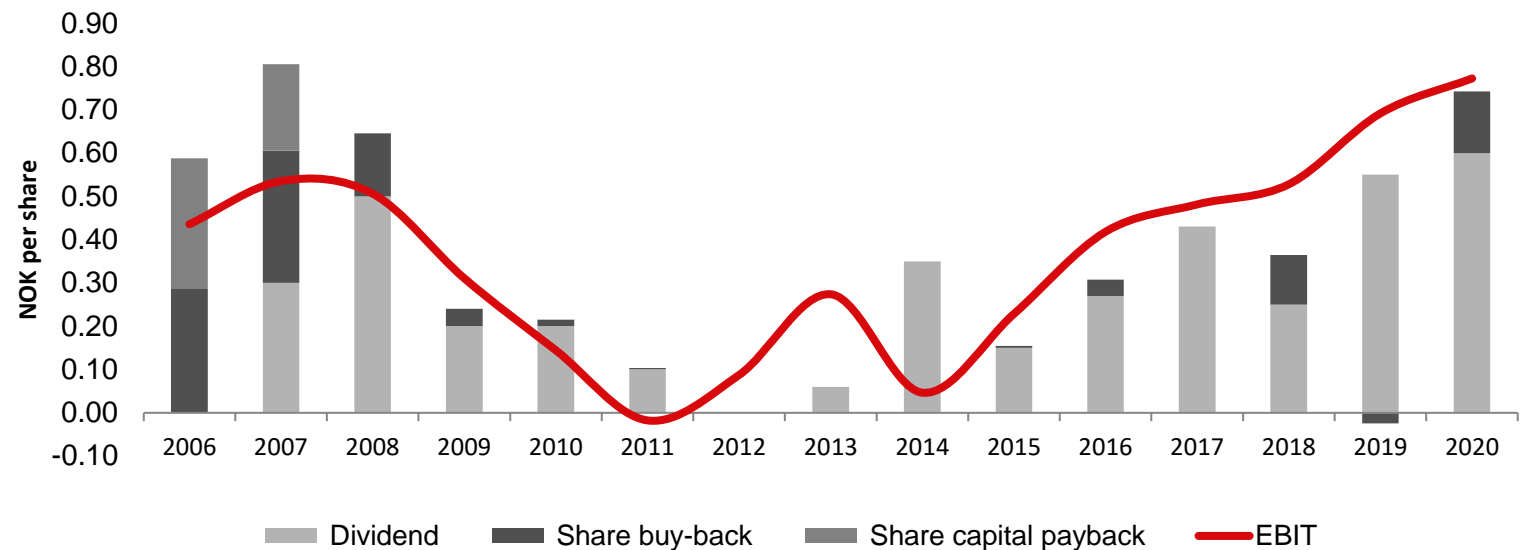
12 month rolling
cash flow from operations
(NOK Million)



- Cash flow from operations NOK 37.6 (43.1) million in Q4
- 12 month rolling cash flow from operations was NOK 102 million

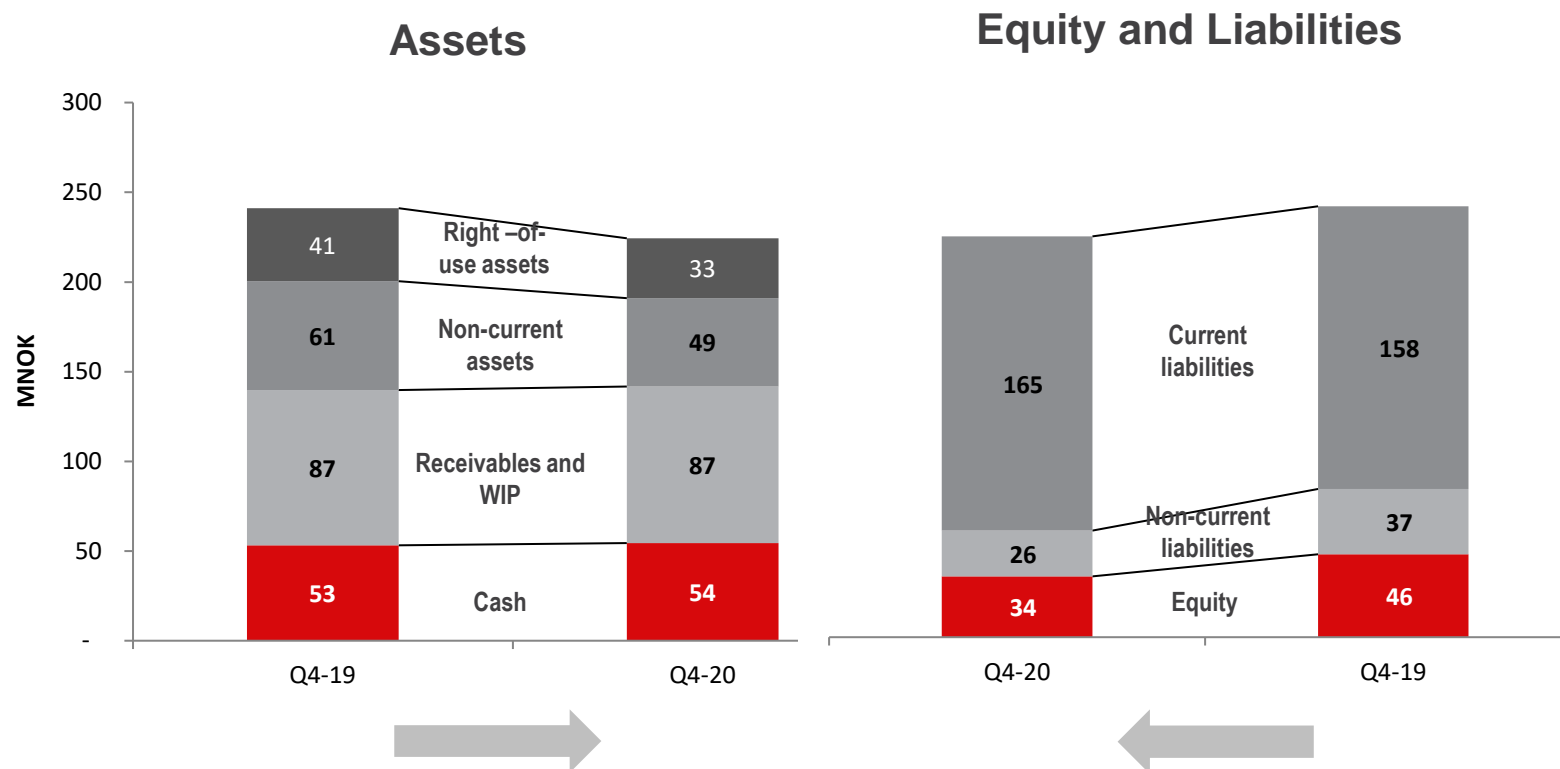


- The Board has proposed an ordinary dividend of NOK 0.25 per share based on 2020 results
- Share price was NOK 15.0 at the end of Q4 2020, an increase of 30% from NOK 11.5 at the end of Q4 2019.
- Current holding of own shares is unchanged at 1,269,136 shares. Value at 31 Dec 2020 was MNOK 19.0
- Consistent high distribution of earnings



STATEMENT OF FINANCIAL POSITION

- Equity ratio of 15% (19%) per 31 December (17% excl. IFRS 16 Leasing)
- Cash balance of MNOK 54 (MNOK 53)
- Total balance reduced by MNOK 17 to MNOK 224



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.



- Attractive market driven by sustainability and digitalisation after Covid-19
- Itera is well positioned through its full ranges of services, attractive hybrid delivery model across borders and strong industrial partnerships
- Expect to complete transformation of own data centres to the cloud with short-term revenue drop
- Investment in a leading edge Cloud Centre of Excellence with high scalability and increasing recurring revenue
- 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 water bottle, facing a group of people. The left wall is covered in sticky notes.

TOP 20 SHARE- HOLDERS

No.	Name	%	Nat.	Shareholding
1	ARNE MJØS INVEST AS*	29.26	NOR	24 048 214
2	OP CAPITAL AS	5.45	NOR	4 478 110
3	GIP AS	4.80	NOR	3 945 000
4	EIKESTAD AS	4.26	NOR	3 500 000
5	SEPTIM CONSULTING AS	3.53	NOR	2 900 000
6	SPAREBANK 1 MARKETS AS	3.41	NOR	2 800 000
7	BOINVESTERING AS	3.22	NOR	2 650 000
8	GAMST INVEST AS	2.92	NOR	2 399 165
9	JØSYRA INVEST AS	2.68	NOR	2 200 000
10	MARXPIST INVEST AS	2.47	NOR	2 031 588
11	VERDIPAPIRFONDET STOREBRAND VEKST	1.86	NOR	1 529 077
12	ITERA ASA	1.54	NOR	1 269 136
13	FRAMAR INVEST AS	1.13	NOR	925 000
14	AANESTAD PANAGRI AS	1.10	NOR	900 000
15	HØGBERG	0.95	NOR	782 045
16	ALTEA PROPERTY DEVELOPMENT AS	0.85	NOR	700 000
17	NYVANG	0.77	NOR	630 000
18	GRØSLAND	0.74	NOR	610 000
19	JENSEN	0.74	DEN	609 100
20	MORTEN JOHNSEN HOLDING AS	0.73	NOR	600 000
TOP 20		72.40		59 506 435

*Arne Mjøs Invest AS holds a future contract expiring 19 March 2021 on 2,800,000 shares at an average price of NOK 9.9736 per share. The total controlling interest of Arne Mjøs is thus 26,848,214 shares (32.7%).

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