



First three months 2020

The NNIT Presenting Team



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Agenda

01 COVID-19 & highlights for Q1 2020

02 Microsoft solutions

03 Financial preparedness

04 Financial performance and cost restructuring plan

05 Balance sheet and cash flow

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Forward looking statements

This presentation contains forward-looking statements. Words such as 'believe', 'expect', 'may', 'will', 'plan', 'strategy', 'prospect', 'foresee', 'estimate', 'project', 'anticipate', 'can', 'intend', 'outlook', 'guidance', 'target' and other words and terms of similar meaning in connection with any discussion of future operating or financial performance identify forward-looking statements. Statements regarding the future are subject to risks and uncertainties that may result in considerable deviations from the outlook set forth.

Furthermore, some of these expectations are based on assumptions regarding future events which may prove incorrect.

COVID-19 and NNIT

- Stable IT operations for NNIT's customers, many of which remain critical to the Danish society and global pharma productions
- NNIT is supporting customers in adapting to the new workplace situation
- Measures towards health and safety for NNIT's employees have been implemented globally
- Only minor impact from COVID-19 seen in the last two weeks of Q1 2020
- NNIT's financial performance for the first three months of 2020 was in line with expectations
- The significant cost restructuring initiatives announced in H1 2019 also progressed according to plan

Q1 2020 at a glance

Revenue
DKK 722m

-3.7%

+0.3pp F/X

Operating profit*
DKK 47m

+3.6%

-2.5pp F/X

Operating profit margin*
6.5%

+0.5pp

-0.1pp F/X

Net profit
DKK 35m

-12%

Free cash flow
DKK -17m

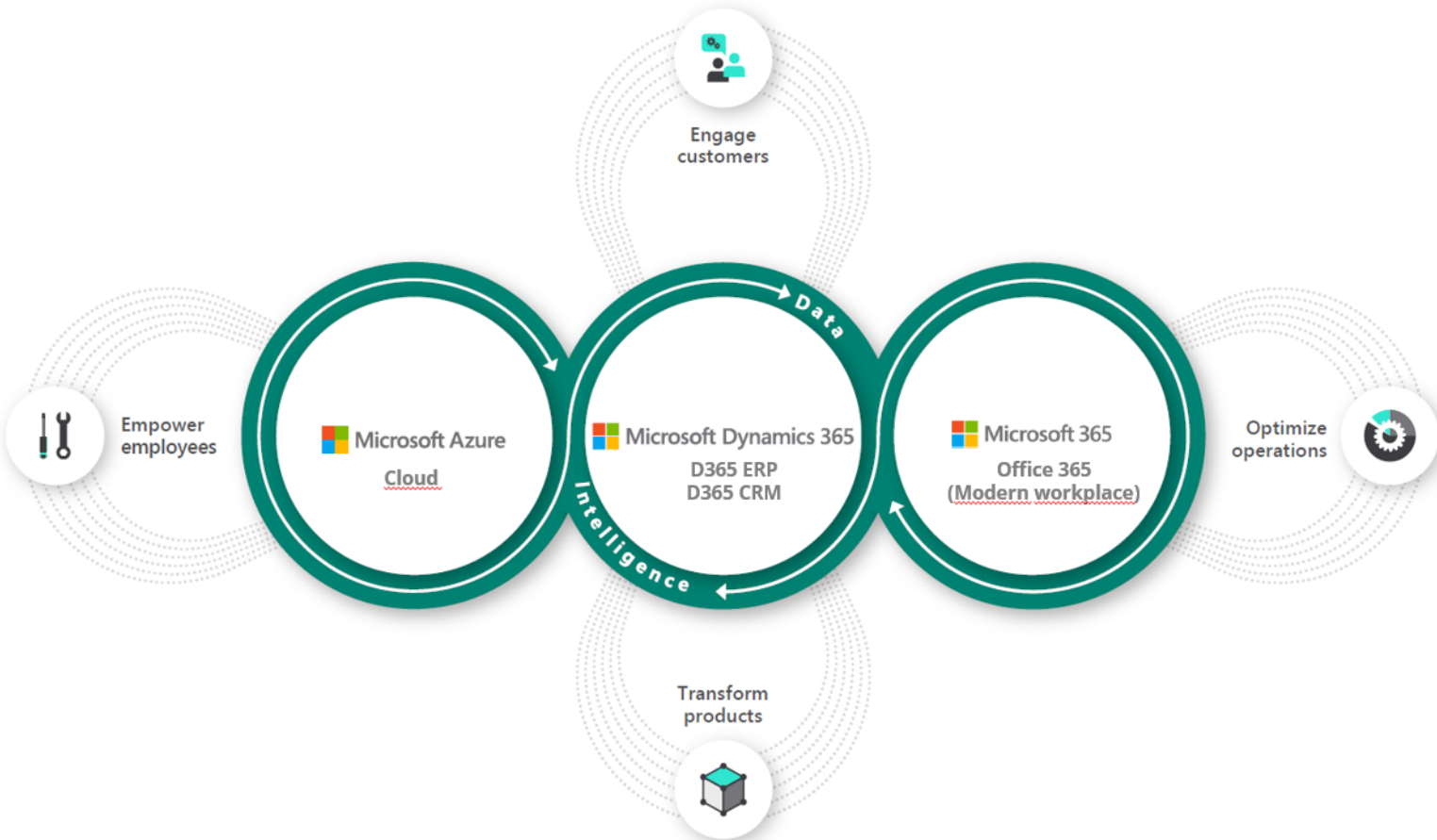
DKK +11m

*Before special items

Major wins

	Contract	Segment	Client	Amount (DKK million)	Length (years)
Q1 2020 / April 2020	Renewal of the operations maintenance agreement	Novo Nordisk	Novo Nordisk Group	Mid triple-digit	5
	Renewal and expansion of the IT infrastructure contract	Finance	HK	High double-digit	5
	Implementation of Regulatory Information Management system (Veeva RIM)	Int. Life Sciences	New customer	Low double-digit	1
	Extension and expansion of R&D IT program	Int. Life Sciences	Roche Pharma	Low double-digit	1
	Implementation of Microsoft D365 ERP and CRM	Enterprise	Norlys	Low double-digit	1
	Renewal of the IT infrastructure operations agreement	Enterprise	DLG	Low double-digit	4

Winning solutions with focus on Microsoft solutions



NNIT wants to become a DK market leader within Microsoft Dynamics D365 services by:

1. Grow NNIT/Scales' market share on Dynamics 365 for Finance & Operations
2. Grow NNIT's market share on Dynamics 365 Customer Engagement
3. Grow NNIT's market share on Power Platform Services

NORLYS

dig

HK

novo nordisk[®]

NNIT

Financial preparedness

Financial gearing

DKK million	2016	2017	2018	2019	Q1 2020
Cash balance end year	173.9	-18.6	-135.1	-109.1	-198.2
Lease liability	-468.2	-379.3	-382.4	-326.0	-306.9
Net debt	-294.2	-398.0	-517.5	-435.2	-505.1
EBITDA after special items	437.3	494.1	554.9	473.8	466.3
Net debt/EBITDA after special items	0.7	0.8	0.9	0.9	1.1

- NNIT has a strong balance sheet with a low financial gearing of net debt/EBITDA of 1.1 in Q1 2020
- Low gearing leaves ample room for value creating acquisitions

Financial resources

DKK million	2016	2017	2018	2019	Q1 2020
Cash and cash equivalents	173.9	74.6	107.5	122.0	120.3
Bank overdraft	0.0	-93.2	-242.7	-231.1	-318.4
Committed credit facilities	400.0	400.0	540.0	900.0	900.0
Financial resources at the end of the period	573.9	381.4	404.9	790.9	701.8

- NNIT has recently entered a 3+1 year committed credit facility amounting to DKK 900m with Danske Bank and SEB. DKK 350m was utilized as of March 31, 2020
- NNIT's customer base primarily consists of large customers with high credit ratings. The bankruptcy of Arnold Busck. Is expected to require a provision in Q2 2020 of below DKK 1.0m

Status on implementation of cost restructuring plan

DKKm	Description of main initiatives	Accumulated cost reductions			Progress Q1 2020
		Cost reductions achieved in 2019	2020	2021	
Utilization	- Increase billable utilization by 4pp - Increase focus on ressource management and capacity planning	10	55	75	Progressing according to plan but COVID-19 may lower utilization in coming quaters
Automation	- Further implementation of RPA for internal processes - Scripting of simple operational tasks - Implementation of network automation tools	0	25	45	Progressing according to plan
External expenses	- Reduce spend on external consultants through focus on resource planning - Renegotiation of current vendor agreements and further focus on tender processes - Reduction of travel cost and other external activities	0	30	40	Progressing according to plan
Staff and other cost reductions	- Reduction of management overhead - Increase of global sourcing within project business - Reduction of staff positions	20	40	40	Progressing according to plan
Total cost reductions		30	150	200	
Special items per year		24	15-25	n/a	

- Supported by the cost restructuring program the following improvements of performance is seen:
 - Increased project margins
 - Increased margins on service level agreements in private & public and other life sciences
 - Increased margins in private & public
- In Novo Nordisk, the positive impact from the cost restructuring program has not fully mitigated the loss of the application maintenance agreement and the prices reduction on the operations maintenance agreement

Financial statement Q1 2020

DKK million (reported currencies)	Q1 2020	Q1 2019	Change	2019
Revenue	722.1	750.0	-3.7%	3,057.9
Cost of goods sold	618.5	645.5	-4.2%	2,582.6
Gross profit	103.6	104.5	-1.0%	475.3
<i>Gross profit margin</i>	<i>14.3%</i>	<i>13.9%</i>	<i>0.4pp</i>	<i>15.5%</i>
Sales and marketing costs	31.0	32.1	-3.3%	131.5
Administrative expenses	25.4	27.0	-5.8%	105.1
Operating profit before special items*	47.2	45.5	3.6%	238.7
<i>Operating profit margin before special items*</i>	<i>6.5%</i>	<i>6.1%</i>	<i>0.5pp</i>	<i>7.8%</i>
Special items*	6.6	0.0	n.a.	23.8
Operating profit	40.6	45.5	-10.9%	215.0
<i>Operating profit margin</i>	<i>5.6%</i>	<i>6.1%</i>	<i>-0.5pp</i>	<i>7.0%</i>
Net financials	6.1	5.8	5.5%	16.1
Profit before tax	46.7	51.3	-9.0%	231.1
Tax	11.5	11.1	3.1%	48.4
<i>Effective tax rate</i>	<i>24.5%</i>	<i>21.6%</i>	<i>2.9pp</i>	<i>21.0%</i>
Net profit	35.2	40.2	-12.4%	182.7

*Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities and are non-recurring of nature.

- Revenue decline 3.7% as expected due to the loss of the application maintenance agreement and the significant price reduction on the operations maintenance agreement, both with the Novo Nordisk Group
- Due to the cost restructuring program, cost of goods sold decreased 4.2% giving an increase in gross profit margin and operating profit margin before special items of around 0.4pp and 0.5pp respectively
- Increase in effective tax rate of 2.9pp due to a lower tax deduction on NNIT's long-term incentive programs following the decline in the NNIT share price. The full year impact on the effective tax rate will only be 0.7pp

Life Sciences

DKK million (reported currencies)	Q1 2020	Q1 2019	Change	2019
Novo Nordisk Group	184.8	258.8	-28.6%	954.9
Life sciences international	91.7	77.4	18.4%	360.9
Life sciences Denmark	67.6	53.7	25.8%	230.0
Revenue	344.1	390.0	-11.8%	1,545.8
Cost of goods sold	281.9	303.8	-7.2%	1,211.9
Gross profit	62.1	86.2	-27.9%	345.7
<i>Gross profit margin</i>	<i>18.1%</i>	<i>22.1%</i>	<i>-4pp</i>	<i>22.2%</i>
Allocated costs	31.1	33.6	-7.6%	130.9
Operating profit before special items*	31.1	52.6	-40.9%	214.8
<i>Operating profit margin before special items*</i>	<i>9.0%</i>	<i>13.5%</i>	<i>-4.4pp</i>	<i>13.9%</i>
Special items*	3.3	0.0	n.a.	11.5
Operating profit	27.7	52.6	-47.2%	203.3
<i>Operating profit margin</i>	<i>8.1%</i>	<i>13.5%</i>	<i>-5.4pp</i>	<i>13.2%</i>

*Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities and are non-recurring of nature.

- Revenue decline in the life sciences segment of 12% due to a 29% decline in revenue from the Novo Nordisk Group driven by the loss of the application maintenance agreement and the significant price reductions on the operations maintenance agreement
- Life Science international and life sciences Denmark both showed strong growth of 18% and 26% respectively. Life sciences international was impacted negatively by COVID-19 in China and excluding China the growth was 44%
- Gross profit margin and operating profit margin before special items both declined with around 4pp due to the decline in revenue from the Novo Nordisk Group
- Other life sciences had a significant increase in margin supported by the cost restructuring program and higher project revenue

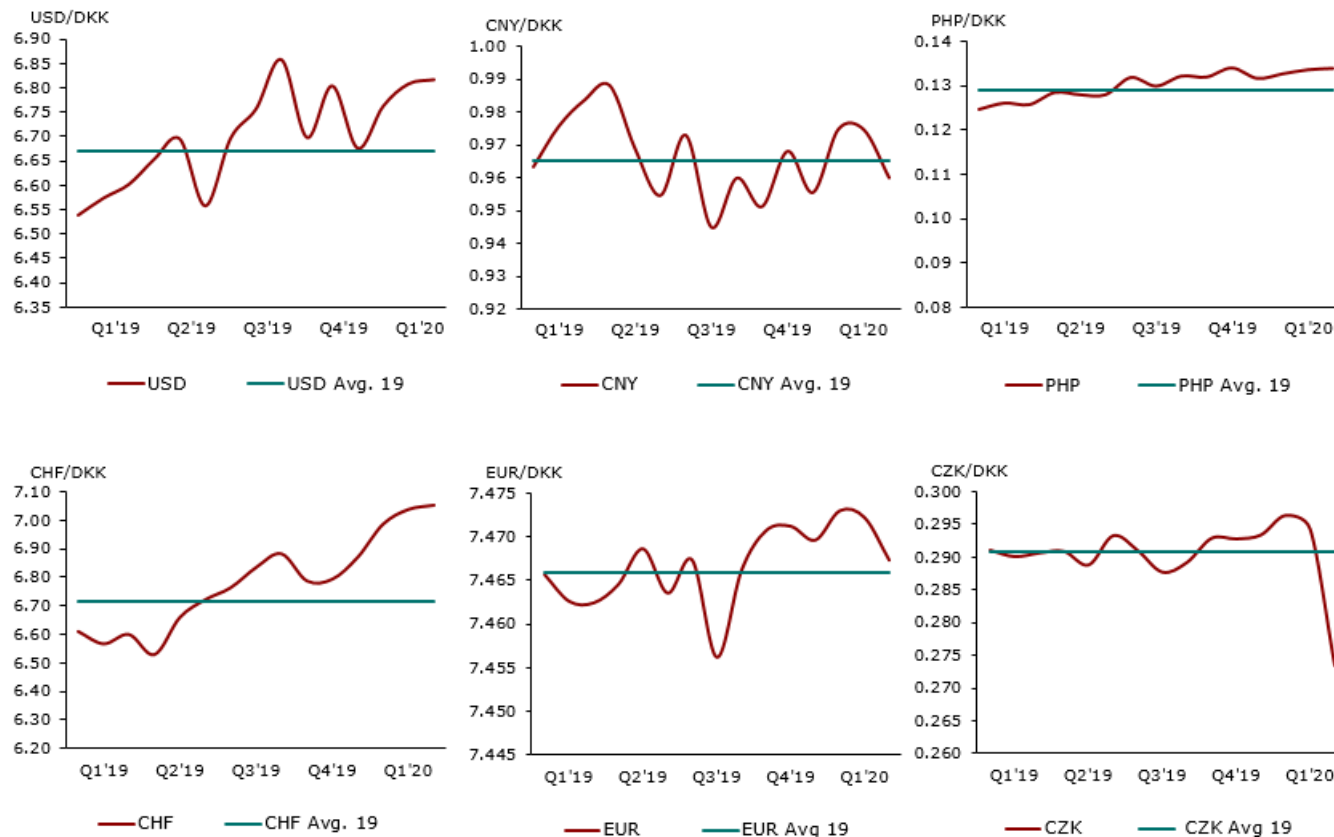
Private & Public

DKK million (reported currencies)	Q1 2020	Q1 2019	Change	2019
Enterprise	206.4	198.2	4.1%	802.3
Public	105.1	89.5	17.5%	392.2
Finance	66.4	72.3	-8.1%	317.6
Revenue	378.0	360.1	5.0%	1,512.1
Cost of goods sold	336.6	341.7	-1.5%	1,370.7
Gross profit	41.4	18.4	125.4%	78.9
<i>Gross profit margin</i>	<i>11.0%</i>	<i>5.1%</i>	<i>5.9pp</i>	<i>5.4%</i>
Allocated costs	25.3	25.4	-0.4%	105.7
Operating profit before special items*	16.1	-7.0	-328.7%	-26.8
<i>Operating profit margin before special items*</i>	<i>4.3%</i>	<i>-2.0%</i>	<i>6.2pp</i>	<i>-1.8%</i>
Special items*	3.3	0.0	n.a.	12.3
Operating profit	12.8	-7.0	-281.9%	-39.1
<i>Operating profit margin</i>	<i>3.4%</i>	<i>-2.0%</i>	<i>5.3pp</i>	<i>-2.6%</i>

*Special items comprise costs that cannot be attributed directly to NNIT's ordinary activities and are non-recurring of nature.

- Revenue growth of 5.0% driven by strong growth in the public and enterprise segments
- Gross profit margin and operating profit margin before special items both increased around 6pp driven by the cost restructuring program and high growth in SCALES
- It should be noted that margins will be negatively impacted as the Pandora contract will be phased out in the next 1-2 quarters

Currency development and hedging



	Estimated annual impact on NNIT's operating profit of a 10% increase in the outlined currencies against DKK*	Hedging period (months)
EUR	DKK 28 million	-
CNY	DKK -21 million	14
CZK	DKK -11 million	14
PHP	DKK -7 million	14
USD	DKK 1 million	-
CHF	DKK -0 million	-

Hedging gains and losses do not impact operating profit as they are recognized under net financials. For further details on hedging, please see note 6 above.

* The above sensitivities address hypothetical situations and are provided for illustrative purposes only. The sensitivities assume the business develops consistent with the current 2020 business plan.

Net Financials

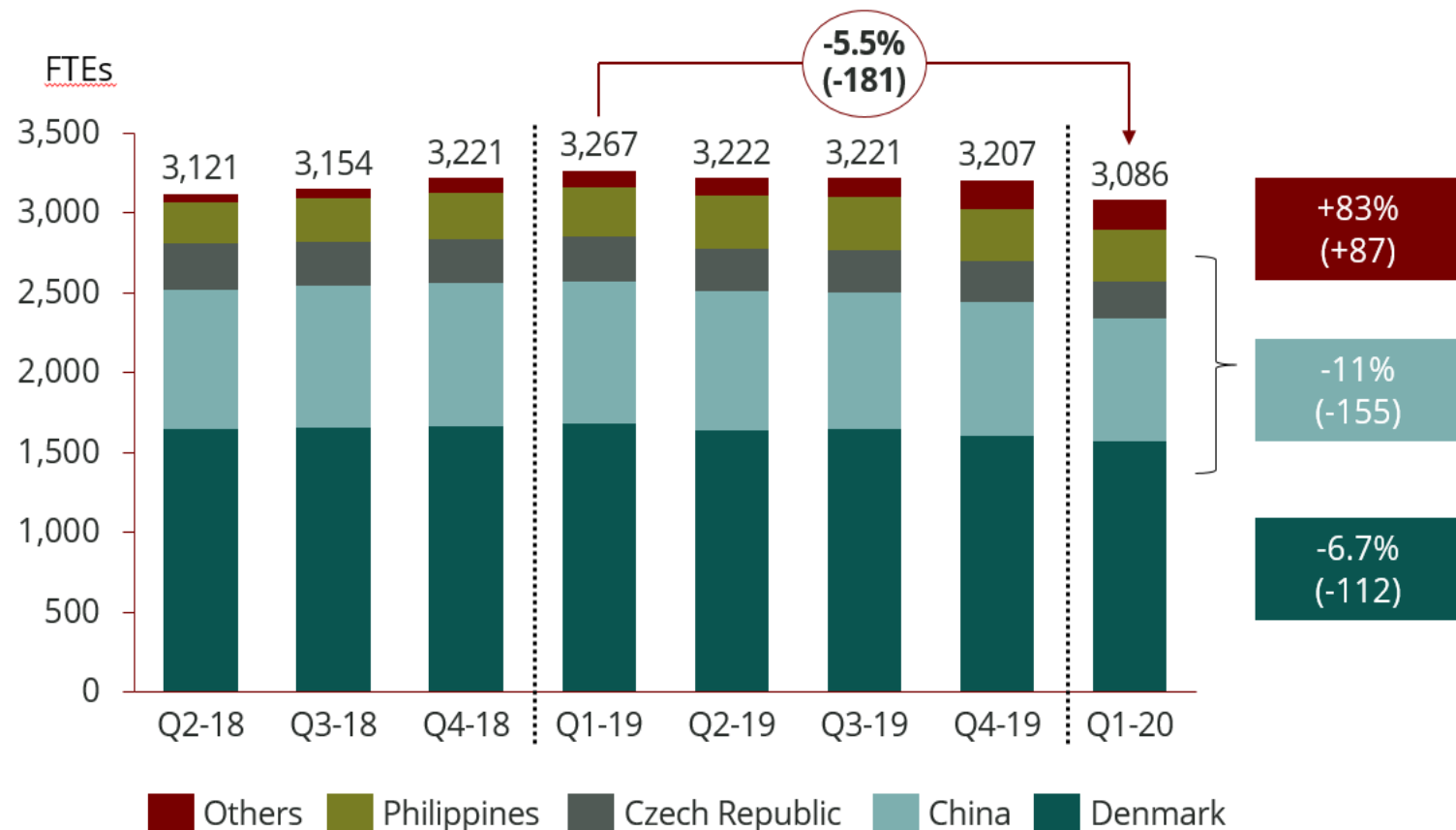
Net financials DKKm	Q1 2020	Q1 2019	Change
Currency hedge gains	6	7	-1
Currency gains (losses)	4	2	2
Total currency related items	10	9	1
Interest expense from leases	-2	-2	0
Interests and bank charges*	-2	-1	-1
Total interests and bank charges	-4	-3	0
Earn-out adjustments	0	0	0
Net financials	6	6	0

* Includes fees to banks in relation to being a public listed company

Total Currency hedges DKKm	Q1 2020	Q1 2019	Change
Currency hedge gains/loss in P&L	6	7	-1
Currency hedge gains on Equity	3	14	-11
Total currency hedge gains	9	21	-12

- Net financials for Q1 2020 were DKK 6m, which was the same level as Q1 2019
- In Q1 2020 currency hedge gain on equity was DKK 3m compared to DKK 14m in Q1 2019

Employee development



- At the end of Q1 2020, the number of employees decreased by 181 FTEs corresponding to -5.5% compared to the same time last year. Adjusted for the HGP acquisition the number of FTEs declined by 7.5%
- The decrease was driven by Denmark (-112 FTEs), China (-122 FTEs) and Czech (-48 FTEs) while FTEs in international offices (excluding outsourcing centers) increased by 87 FTEs
- Share of employees in low cost countries was 43% end Q1 2020 compared to 45% end Q1 2019. The development is a consequence of growth in the life sciences international segment and reduction of FTEs mainly in China and Czech due to the loss of the application maintenance agreement with the Novo Nordisk Group

Balance sheet

Assets	March 31, 2020	March 31, 2019	Dec 31, 2019
DKK million			
Intangible assets	528	431	524
Tangible assets	559	595	576
Lease assets	293	364	316
Contract assets	63	106	69
Deferred tax	33	39	32
Deposits	32	33	34
Total non-current assets	1,508	1,568	1,551
Inventories	2	2	2
Contract assets	46	50	53
Trade receivables	507	535	627
Work in progress	149	180	140
Other receivables	27	7	11
Pre-payments	120	120	84
Tax receivable	18	15	11
Derivative financial instruments	10	19	12
Cash and cash equivalents	120	77	122
Total current assets	999	1,005	1,062
Total assets	2,507	2,573	2,613

- **Intangible assets:** The increase is due to goodwill regarding the HGP acquisition
- **Lease assets:** No major additions, decrease due to depreciations
- **Employee benefit obligation:** The increase is mainly due to the new employee vacation – Feriefonden
- **Contingent considerations:** The decrease is due to the earn-out payments to Scales and Valiance

Equity and liabilities	March 31, 2020	March 31, 2019	Dec 31, 2019
DKK million			
Share capital	250	250	250
Treasury shares	-3	-4	-4
Retained earnings	909	802	860
Other reserves	7	20	14
Proposed dividends	0	0	49
Total equity	1,163	1,068	1,169
Leasing liability	220	297	236
Deferred tax	0	4	0
Employee benefit obligation	107	17	82
Contingent consideration (earn out)	44	114	43
Provisions	25	25	28
Long term loan	28	0	28
Bank overdraft	318	331	231
Total non-current liabilities	742	788	648
Prepayments received, contract assets	26	77	42
Prepayments received, work in progress	89	92	98
Leasing liability	87	78	90
Trade payables	70	146	88
Employee cost payable	170	215	228
Tax payables	8	4	9
Other current liabilities	125	104	155
Derivative financial instruments	7	1	1
Contingent consideration (earn out)	17	0	81
Provisions	3	0	4
Total current liabilities	602	717	796
Total equity and liabilities	2,507	2,573	2,613

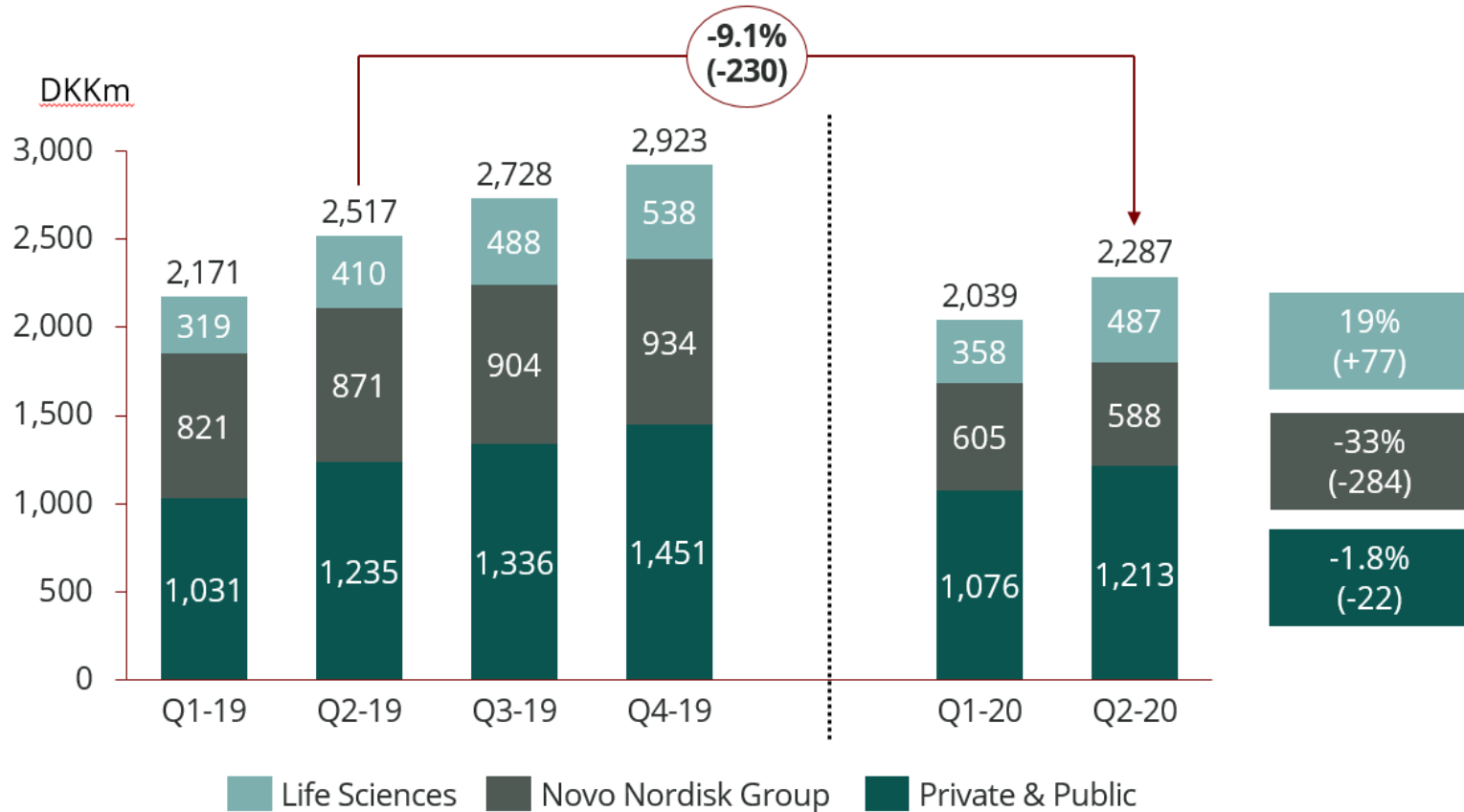
Cash flows

DKK million	Q1 2020	Q1 2019	12M 2019
Net profit for the period	35	41	183
Reversal of non-cash items	110	82	439
Interest received	0	0	0
Interest paid	-3	-3	-16
Income taxes paid	-19	-29	-50
Cash flow before change in working capital	123	91	556
Changes in working capital	-40	-64	-91
Cash flow from operating activities	83	27	465
Capitalization of intangible assets	-7	-4	-33
Purchase of tangible assets	-17	-37	-135
Change in trade payables related to investments	-18	-16	1
Payment of deposits	2	0	0
Acquisition cost refunded	0	2	2
Acquisition of subsidiary	0	0	-58
Payment of earn-out	-60	0	0
Cash flow from investing activities	-100	-55	-223
Dividends paid	-49	-64	-113
Purchase of treasury shares	0	-5	-5
Installments on lease liabilities	-23	-22	-93
Long term loan	0	0	-5
Bank overdraft	87	88	-12
Cash flow from financing activities	15	-3	-228
Net cash flow	-2	-31	14
Free cash flow	-17	-28	242

- The free cash flow for Q1 2020 was negative with DKK 17m which is DKK 11m above Q1 2019 due to higher cash flow from operating activities partly countered by higher investments mainly due to the payment of earn-out in Q1 2020

Backlog development, current year

Beginning of quarter



- At the beginning of Q2 2020, NNIT's order entry backlog for 2020 amounted to DKK 2,287 million, which was a decrease of 9.1% compared to last year
- The backlog from life sciences clients excluding the Novo Nordisk Group increased by 19% driven by international life sciences while the Novo Nordisk Group declined by 33% due to the loss of the large application maintenance contract and a considerable price reduction on the prolonged operation maintenance agreement as well as lower level of projects currently in the backlog
- Private & public decreased by 1.8% due to expiry of the Pandora outsourcing contract later in the year

Outlook

	2020
Revenue growth	Constant currencies: -4% to -8% Reported currencies: Around 0.2pp higher
Operating profit margin	Constant currencies: 6-8% before special items of DKK 15-25m Reported currencies: 0.2pp lower
Capex	Share of revenue: 5-7%¹

¹CAPEX investments and re- investments are in 2020 expected to be between 5-7 percent of total revenue

- The financial performance for the first three month were in line with expectations and operating profit margin was slightly above same period last year.
- The financial performance was only to a minor extent impacted by COVID-19 in Q1 2020. The effects of COVID-19 was within the project business in the local Chinese market in February and March and in the utilization of project resources in EU and US in the last two weeks of March.
- The guidance for 2020 is maintained. Due to the uncertainty regarding the COVID-19 situation there is an increased likelihood that revenue growth and operating profit margin will end in the lower end of the guidance intervals

Closing remarks

- NNIT's financial performance for the first three months of 2020 was in line with expectations
- Revenue decline 3.7% as expected due to the loss of the application maintenance agreement and the significant price reduction on the operations maintenance agreement both with the Novo Nordisk Group
- Life Science international and life sciences Denmark both showed strong growth of 18% and 26% respectively. The margin has increased significantly supported by the cost restructuring program and higher project revenue
- The significant cost restructuring initiatives announced in H1 2019 are progressing according to plan with only minor impact from COVID-19 in the last two weeks of Q1 2020
- The guidance for 2020 is maintained. Due to the uncertainty regarding the COVID-19 situation there is an increased likelihood that revenue growth and operating profit margin will end in the lower end of the guidance intervals

Investor contact information

Upcoming events

August 13, 2020

- Interim report for the first six months of 2020

October 29, 2020

- Interim report for the first nine months of 2020

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