

# Acquisition of Valiance Partners



October 9, 2018

# 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.

# The NNIT Presenting Team



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# Acquisition of Valiance Partners

- As previously communicated NNIT has been open to bolt on acquisitions in order to scale and accelerate the growth of our international Life Sciences business
- Valiance Partners provides a perfect strategic and cultural match and has delivered migration services to many of the world's successful pharmaceutical companies
- Valiance Partners has in the period 2015 - 2017 had a revenue CAGR of 43% and an operating profit margin of 20% in 2017. Revenue is expected to grow 36% in 2018 with the operating profit margin increasing to around 24%
- With an up-front payment of USD 25.0m and a target earn-out payment of USD 10.7m over three years it corresponds to an expected 2018 EBITDA multiple of 11x

# Transaction overview

## Transaction details

- An upfront payment of USD 25.0m paid in cash. 76% of which is for Valiance Partners LLC (US) and 24% for Valiance Partners Europe, Ltd. (IRE)
- An earn-out target of USD 10.7m (100% target realization) with an earn-out range of 0-136% of target depending on performance in EBITDA, additional revenue in NNIT, employee attrition rate, software development investments and integration with NNIT
- Earn-out period is 2019-2021 and is paid in cash
- November 1, 2018 Valiance Partners will be a part of the NNIT Group under the name “Valiance Partners, an NNIT Group company”
- The acquisition is expected to increase NNIT’s 2018 full year revenue growth by around 0.5 percentage points and is expected to have a slightly positive impact on NNIT’s operating profit margin

## Organization

- Valiance Partners will continue its current business, while working together with NNIT on new business opportunities within larger projects on integration, implementation and managed services
- Valiance Partners will report to the NNIT Solutions division and will be included in NNIT Solutions division reporting

## Synergies

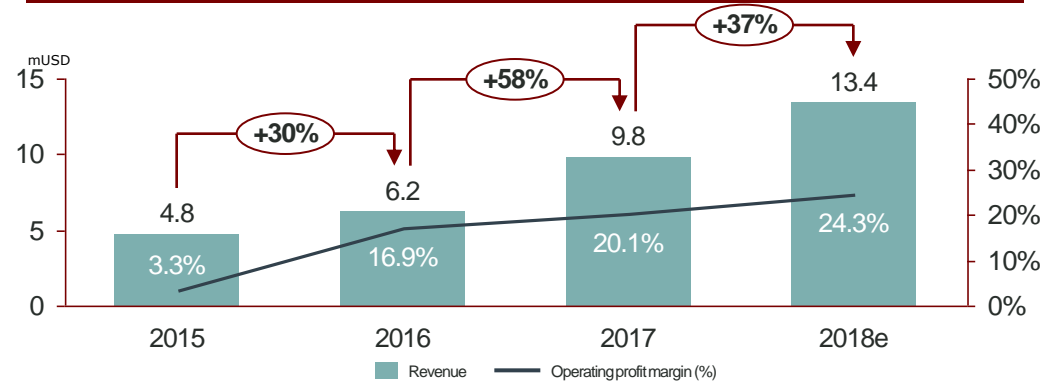
- Sales of data migration services in the European markets and to NNIT clients
- Revenue from NNIT services to Valiance Partners clients
- Tax synergies by amortizing goodwill over 15 years and utilization of accumulated tax losses in NNIT Inc.
- Due to the lean setup at Valiance Partners only limited cost synergies exist

# We are acquiring a leading provider of migration services to Software-as-a-service platforms

## Business overview

- Headquarter in Baskin Ridge, NJ with an office in Dublin, Ireland
- Employs approximately 60+ staff and contractors
- Developed the automated TRUseries suite of software products for data migrations
- Performed 500+ migrations for 100+ clients
- Strong profitable growth track record and recognized as one of Americas fastest growing companies
- Has an established partnership with NNIT and has cooperated on several projects
- Strong cultural match with NNIT

## Financials\*



## Partners

Veeva

TrackWise<sup>®</sup>  
by Sparta Systems

OPENTEXT

ORACLE Silver Partner

nnit

# How does the transaction create value?

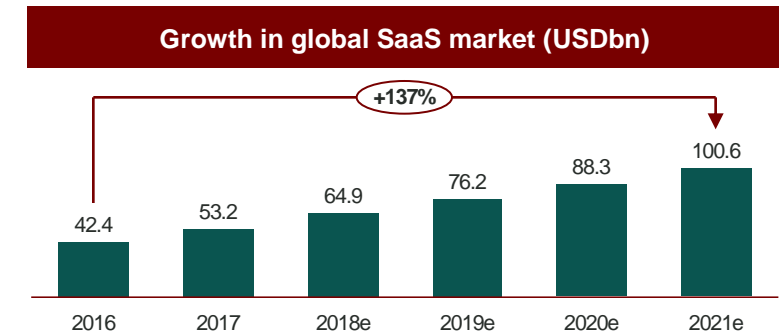
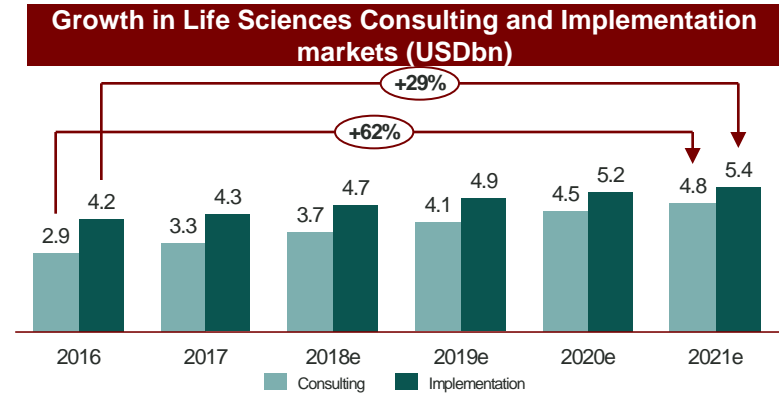
- **Enabling the life sciences cloud** by offering services ranging from data migration and validation to integration, implementation and managed services
  - Agile implementation of Veeva Vault through fast and proven data migration and integration based on Life Sciences specific standard tools
  - Ensuring continued success and satisfaction delivering Managed Services with Business SMEs
- Support life sciences businesses in **bridging the gap between old and new IT** as they move to the cloud as part of their digital transformation

## Customer examples



# Software as a service– an attractive growth market

- The consultancy and implementation services market in life sciences is expected to grow by 10% and 5.6% annually
- While the global SaaS market is expected to grow close to 20% annually
- Life sciences companies have traditionally been slow to adopt the SaaS cloud due to regulatory concerns but are now expected to accelerate



Source: Gartner, NNIT



# Tax synergies

- The transaction is structured as separate acquisitions of Valiance Partners, LLC (US) by NNIT Inc. and Valiance Partners Europe, Ltd. (IRE) by NNIT A/S
- Profit in Valiance Partners will be subject to state- and federal tax in the United States of approximately 28%, while profit in Valiance Partners Europe will be taxed at 12.5%.
- The acquisition structure enables NNIT to deduct amortization of goodwill in tax from the up-front and earn-out payments over 15 years
- Due to joint taxation between Valiance Partners, LLC and NNIT Inc. the acquisition will enable tax utilization of accumulated tax losses of approximately USD 1.3m (2017) in NNIT Inc.

# Outlook

	2018	Previous guidance
Revenue growth*	Constant currencies: <b>4-7%</b> Reported currencies: 0.3pp lower	Constant currencies: 3-6% Reported currencies: 0.3pp lower
<i>*The expectations for growth in revenue is based on the restated IFRS 15 revenue of DKK 2,851m and includes additional revenue from Valiance of around DKK 15m corresponding to approximately 0.5pp growth in 2018</i>		
Operating margin	Constant currencies: <b>10-10.5%</b> Reported currencies: 0.3pp higher	Constant currencies: 10-10.5% Reported currencies: 0.2pp higher
Capex	Share of revenue: <b>6-8%<sup>1</sup></b>	Share of revenue: <b>6-8%<sup>1</sup></b>

<sup>1</sup>Please note that the acquisition of Valiance Partners is not included as part of our investments / revenue guidance. Investments share of revenue is 1pp higher than long-term targets due to some invoices regarding the new data center are first paid in 2018

# Investor contact information

## Upcoming events

### October 25, 2018:

- 9M 2018 release

### November 22, 2018:

- Økonomisk Ugebrev Seminar

### November 28, 2018:

- SEB IT seminar

### December 4, 2018:

- Danske Bank Copenhagen Winter Seminar

## Investor contact



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