



First six months 2020

August 13, 2020

nnit

The NNIT Presenting Team



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Agenda

01 COVID-19 & highlights for the first six month of 2020

02 Financial performance and cost restructuring plan

03 Balance sheet and cash flow

04 Outlook for 2020

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 globally despite local lockdowns and continued uncertainty
- NNIT has handled the COVID-19 situation since February 2020. NNIT has a robust global delivery model and is prepared if a second wave should hit
- NNIT follows health procedures and guidelines from local governments to ensure the health and safety of our employees globally. Where possible, employees have returned to NNIT's offices
- NNIT's overall financial performance for the first six months of 2020 was in line with expectations despite the COVID-19 situation
- COVID-19 mainly impacted NNIT's project business in the second half of March, in April and May while growth returned to more normal levels in June
- NNIT has not applied for or received any government aid packages
- Due to the robustness of NNIT's customer base, collection of receivables was not impacted by COVID-19
- Cash flow was positively impacted by postponement of payment of employee tax and VAT

Q2 2020 at a glance

Revenue DKK 701m	Operating profit* DKK 38m	Operating profit margin* 5.4%
-5.7% +0.2pp F/X	-14% +1.4pp F/X	-0.5pp +0.1pp F/X

Net profit DKK 14m
-60%

Free cash flow DKK 194m
DKK +233m

*Before special items

First six month 2020 at a glance

Revenue DKK 1,423m	Operating profit* DKK 85m	Operating profit margin* 6.0%
-4.7%	-5.1%	+0.0pp
+0.2pp F/X	-0.6pp F/X	0.0pp F/X
Net profit DKK 49m	Free cash flow DKK 177m	
-34%	DKK +244m	

*Before special items

Major wins

	Contract	Segment	Client	Amount (DKK million)	Length (years)
Q2 2020 / July 2020	Operations of the Danish Defence's IT-infrastructure and SAP basis	Public	Danish Defence	Low triple-digit	7+3
	Framework agreement related to SAP application maintenance and development	Public	Danish Defence	Framework agreement	5+2
	IT-infrastructure operations with dedicated private cloud solution	Enterprise	Saint-Gobain Nordic	Low triple-digit	5
	Extension of IT-infrastructure operations with focus on hybrid cloud and automation	Finance	PFA	Low triple-digit	+2
	Veeva quality Docs system integration, validation, migration and project services	Int. Life Sciences	New customer	Mid double-digit	3
	Implementation of Veeva Safety Vault to support COVID-19 vaccine development	Int. Life Sciences	Existing customer	Low double-digit	<1

Financial statement Q2 and 6M 2020

DKK million	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Revenue	700.9	743.7	-5.7%	1,423.0	1,493.7	-4.7%
Cost of goods sold	608.1	643.7	-5.5%	1,226.6	1,289.2	-4.9%
Gross profit	92.8	99.9	-7.1%	196.4	204.5	-4.0%
<i>Gross profit margin</i>	13.2%	13.4%	-0.2pp	13.8%	13.7%	0.1pp
Sales and marketing costs	30.9	31.4	-1.6%	61.9	63.5	-2.5%
Administrative expenses	24.0	24.4	-1.6%	49.4	51.4	-3.8%
Operating profit before special items*	37.9	44.1	-14.1%	85.0	89.6	-5.1%
<i>Operating profit margin before special items*</i>	5.4%	5.9%	-0.5pp	6.0%	6.0%	0pp
Special items*	12.7	0.0	n.a.	19.3	0.0	n.a.
Operating profit	25.2	44.1	-42.9%	65.8	89.6	-26.6%
<i>Operating profit margin</i>	3.6%	5.9%	-2.3pp	4.6%	6.0%	-1.4pp
Net financials	-6.1	-0.8	689.7%	0.0	5.0	-99.7%
Profit before tax	19.1	43.3	-56.0%	65.8	94.7	-30.5%
Tax	5.2	9.0	-41.8%	16.7	20.1	-17.0%
<i>Effective tax rate</i>	27.4%	20.7%	6.7pp	25.4%	21.2%	4.1pp
Net profit	13.8	34.4	-59.7%	49.1	74.6	-34.2%

* Special items comprise restructuring costs related to the cost restructuring plan

- Revenue decreased by 5.7% in Q2 2020 compared to Q2 2019 due to a 26% decline in business from Novo Nordisk Group and a 10% decline within the enterprise segment (phasing out of the Pandora contract)
- The margin was negatively impacted by the declining business with the Novo Nordisk Group and Pandora and as a result of COVID-19. This was partly offset by the cost restructuring program. An asset review of the useful lifetime of certain assets had a positive margin impact of 1.0pp in the second quarter of 2020
- Net profit was DKK 14m in Q2 2020 compared to DKK 34m in Q2 2019 due to restructuring costs of DKK 13m as well as a negative impact from currency fluctuations

Status on implementation of cost restructuring plan

DKKkM	Description of main initiatives	Accumulated cost reductions			Progress Q2 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	Project utilization impacted by COVID-19 with an effect of around 1-2pp
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	25-30	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

Life Sciences

DKK m	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Novo Nordisk Group	174.9	235.3	-25.6%	359.8	494.1	-27.2%
Life sciences international	106.5	90.1	18.2%	198.1	167.5	18.3%
Life sciences Denmark	67.9	55.6	22.1%	135.5	109.4	23.9%
Revenue	349.4	381.0	-8.3%	693.4	771.0	-10.1%
Cost of goods sold	292.9	308.4	-5.0%	574.8	612.2	-6.1%
Gross profit	56.5	72.7	-22.3%	118.6	158.8	-25.3%
<i>Gross profit margin</i>	16.2%	19.1%	-2.9pp	17.1%	20.6%	-3.5pp
Allocated costs	30.1	31.6	-4.8%	61.1	65.2	-6.3%
Operating profit before special items*	26.4	41.1	-35.7%	57.5	93.6	-38.6%
<i>Operating profit margin before special items*</i>	7.6%	10.8%	-3.2pp	8.3%	12.1%	-3.9pp
Special items*	5.9	0.0	n.a.	9.2	0.0	n.a.
Operating profit	20.6	41.1	-49.9%	48.3	93.6	-48.4%
<i>Operating profit margin</i>	5.9%	10.8%	-4.9pp	7.0%	12.1%	-5.2pp

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

- Total life sciences revenue decreased by 8.3% in Q2 2020 compared to the same period last year due to a 26% decline in business from the Novo Nordisk Group
- Life Science international and life sciences Denmark both showed strong growth of 18% and 22% respectively. Again in Q2 2020, Life sciences international was impacted negatively by COVID-19 in China
- In Q2 2020, gross profit margin was 16%, a decrease of 2.9pp compared to Q2 2019. The gross profit decline was due to the loss of the application maintenance agreement and price reductions on the prolonged operations maintenance agreement with the Novo Nordisk Group
- The cost restructuring program has been executed as planned but could not fully compensate for the significant loss of business from the Novo Nordisk Group

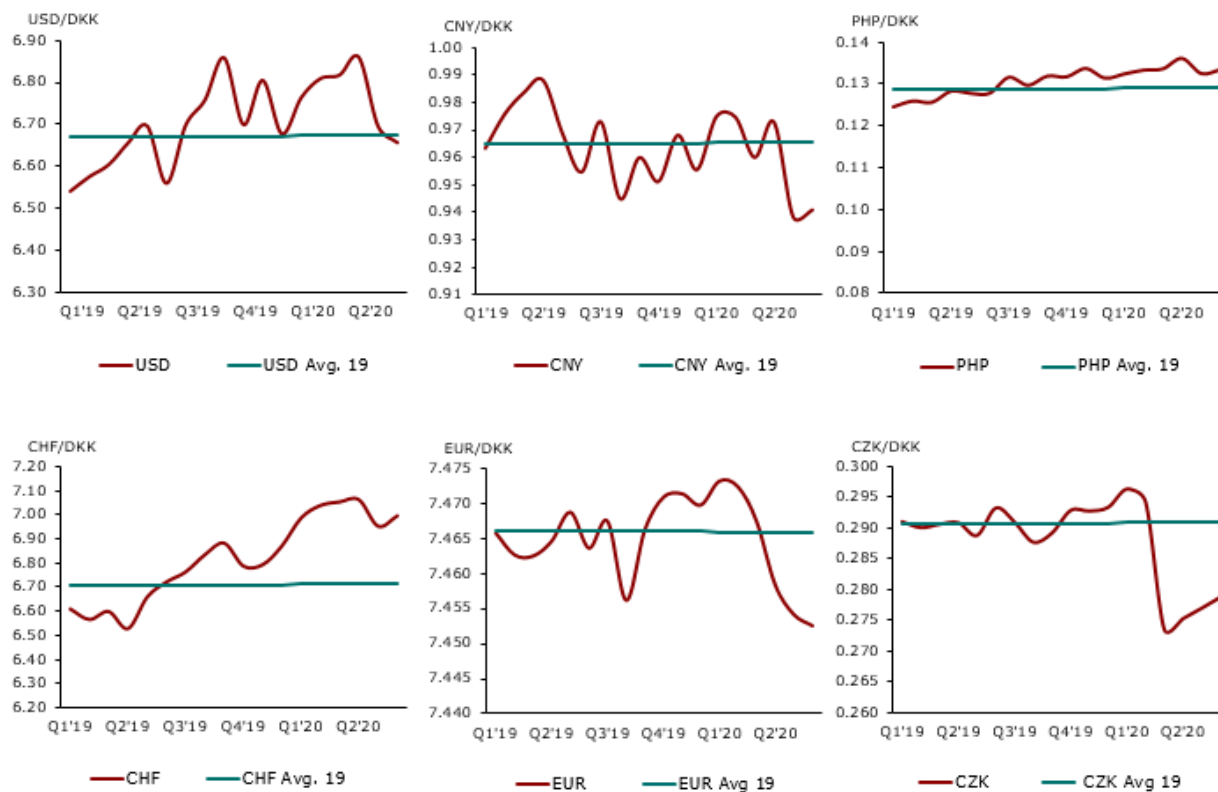
Private & Public

DKKm	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Enterprise	169.7	189.5	-10.4%	376.2	387.8	-3.0%
Public	107.4	96.0	11.9%	212.5	185.5	14.6%
Finance	74.5	77.1	-3.4%	140.9	149.4	-5.7%
Revenue	351.6	362.6	-3.1%	729.6	722.7	1.0%
Cost of goods sold	315.2	335.3	-6.0%	651.8	677.0	-3.7%
Gross profit	36.4	27.3	33.2%	77.8	45.7	70.3%
<i>Gross profit margin</i>	<i>10.3%</i>	<i>7.5%</i>	<i>2.8pp</i>	<i>10.7%</i>	<i>6.3%</i>	<i>4.3pp</i>
Allocated costs	24.9	24.2	2.7%	50.2	49.7	1.1%
Operating profit before special items*	11.5	3.0	276.9%	27.6	-4.0	n.a.
<i>Operating profit margin before special items*</i>	<i>3.3%</i>	<i>0.8%</i>	<i>2.4pp</i>	<i>3.8%</i>	<i>-0.6%</i>	<i>4.3pp</i>
Special items*	6.8	0.0	n.a.	10.1	0.0	n.a.
Operating profit	4.6	3.0	52.5%	17.4	-4.0	-535.9%
<i>Operating profit margin</i>	<i>1.3%</i>	<i>0.8%</i>	<i>0.5pp</i>	<i>2.4%</i>	<i>-0.6%</i>	<i>2.9pp</i>

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

- Revenue from Private & Public customers decreased by 3.1% in Q2 2020 compared to the same period last year
- Revenue on projects in the Private & Public segment in Q2 2020 increased by 7.9% while revenue from service level agreements decreased by 12% due to the phasing out of the Pandora outsourcing agreement
- In Q2 2020, gross profit margin was 10%, an increase of 2.8pp compared to Q2 2019
- The higher gross profit margin in Q2 2020 was driven by the cost restructuring program as well as improved project execution and sales excellence

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 -16 million	14
CZK	DKK -10 million	14
PHP	DKK -7 million	14
USD	DKK 5 million	-
CHF	DKK -1 million	-

Net Financials

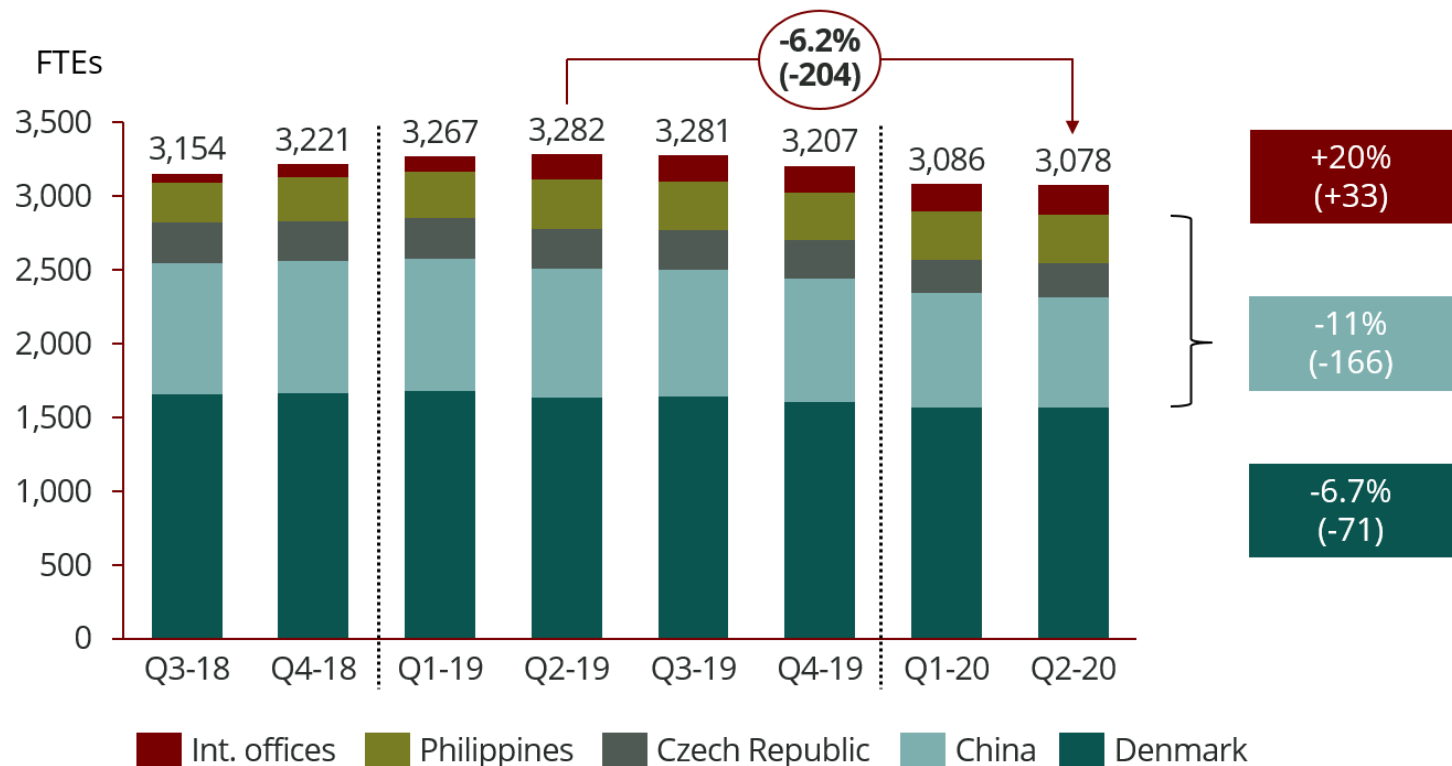
Net financials DKKm	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Currency hedge gains	2	5	-2	8	11	-4
Currency gains (losses)	-5	-2	-3	-1	1	-1
Total currency related items	-3	3	-6	7	12	-5
Interest expense from leases	-2	-2	0	-4	-4	1
Interests and bank charges*	-2	-2	0	-4	-3	-1
Total interests and bank charges	-4	-4	0	-7	-7	0
Earn-out adjustments	0	0	0	0	0	0
Net financials	-6	-1	-5	0	5	-5

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

Total Currency hedges DKKm	Q2 2020	Q2 2019	Change	6M 2020	6M 2019	Change
Currency hedge gains/loss in P&L	2	5	-2	8	11	-4
Currency hedge gains on Equity	-1	9	-10	-1	9	-10
Total currency hedge gains	1	14	-12	7	20	-14

- Net financials in Q2 2020 were negative with DKK 6.1m, which is a decrease of DKK 5.3m compared to Q2 2019
- Currency hedge gain on equity for 6M 2020 was DKK 7m compared to DKK 20m in 6M 2019
- The negative development in Q2 2020 was due to currency fluctuations where especially USD receivables on the balance sheet in Denmark were negatively impacted
- This kind of balance sheet exposure is not covered by NNIT's cash flow hedges

Employee development



- As a consequence of the cost restructuring program and the loss of business with the Novo Nordisk Group and Pandora, the number of employees decreased by 204 FTEs corresponding to -6.2% compared to the same time last year
- The decrease was driven by China (-123 FTEs), Denmark (-71 FTEs) and Czech (-39 FTEs), while FTEs in our international offices (excluding outsourcing centers) increased by 33 FTEs in order to support the strong growth in international life sciences
- Share of employees in low cost countries was 43% end Q2 2020 compared to 45% end Q2 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	Note	June 30, 2020	June 30, 2019	Dec 31, 2019
DKK million				
Intangible assets		527	516	524
Tangible assets		557	596	576
Lease assets		271	340	316
Contract assets		58	92	69
Deferred tax		26	25	32
Deposits		32	33	34
Total non-current assets		1,471	1,602	1,551
Inventories		1	2	2
Contract assets		45	57	53
Trade receivables	4	505	501	627
Work in progress	4	163	159	140
Other receivables		22	99	11
Pre-payments		113	111	84
Tax receivable		26	22	11
Derivative financial instruments		5	13	12
Cash and cash equivalents		120	100	122
Total current assets		1,000	1,064	1,062
Total assets		2,471	2,666	2,613

- **Employee benefit obligation:** The increase is mainly due to the new employee vacation scheme – Feriefonden
- **Contingent considerations:** The decrease is due to the earn-out payments to Scales and Valiance
- **Other current liabilities:** Postponement of employee tax and VAT as part of the COVID-19 initiatives in Denmark

Equity and liabilities

DKK million

	June 30, 2020	June 30, 2019	Dec 31, 2019
Share capital	250	250	250
Treasury shares	-3	-4	-4
Retained earnings	877	788	860
Other reserves	3	14	14
Proposed dividends	49	49	49
Total equity	1,176	1,097	1,169
Leasing liability	204	276	236
Deferred tax	0	1	0
Employee benefit obligation	125	20	82
Contingent consideration (earn out)	43	134	43
Provisions	25	24	28
Long term loan	28	0	28
Bank overdraft	148	417	231
Total non-current liabilities	573	872	648
Prepayments received, contract assets	20	69	42
Prepayments received, work in progress	97	68	98
Leasing liability	81	77	90
Trade payables	93	117	88
Employee cost payable	142	230	228
Tax payables	9	10	9
Other current liabilities	255	125	155
Derivative financial instruments	5	1	1
Contingent consideration (earn out)	17	0	81
Provisions	3	0	4
Total current liabilities	722	697	796
Total equity and liabilities	2,471	2,666	2,613

Cash flows

DKK million	Q2 2020	Q2 2019	6M 2020	6M 2019	12M 2019
Net profit for the period	14	34	49	75	183
Reversal of non-cash items	94	85	204	167	439
Interest received	0	0	0	0	0
Interest paid	-5	-4	-8	-7	-16
Income taxes paid	-4	0	-23	-29	-50
Cash flow before change in working capital	99	115	222	206	556
Changes in working capital	131	-49	91	-114	-91
Cash flow from operating activities	230	66	313	92	465
Capitalization of intangible assets	-10	-6	-17	-9	-33
Purchase of tangible assets	-28	-37	-45	-74	-135
Change in trade payables related to investments	3	4	-15	-11	1
Payment of deposits	-1	0	1	0	0
Acquisition cost refunded	0	2	0	0	2
Acquisition of subsidiary	0	-68	0	-65	-58
Payment of earn-out	0	0	-60	0	0
Cash flow from investing activities	-36	-105	-136	-159	-223
Dividends paid	0	0	-49	-64	-113
Purchase of treasury shares	0	0	0	-5	-5
Installments on lease liabilities	-24	-25	-47	-47	-93
Long term loan	0	0	0	0	-5
Bank overdraft	-170	87	-83	175	-12
Cash flow from financing activities	-194	62	-179	59	-228
Net cash flow	0	23	-2	-8	14
Free cash flow	194	-39	177	-67	242

- The free cash flow for Q2 2020 was positive DKK 194m, which was DKK 233m above Q2 2019. This was due to higher cash flow from operating activities and lower investments following the acquisition of HGP Group in Q2 2019
- The higher cash flow from operating activities can partly be explained by the postponement of payment of payroll tax and VAT (DKK 146m) in connection with the COVID-19 initiatives in Denmark

Interim dividends

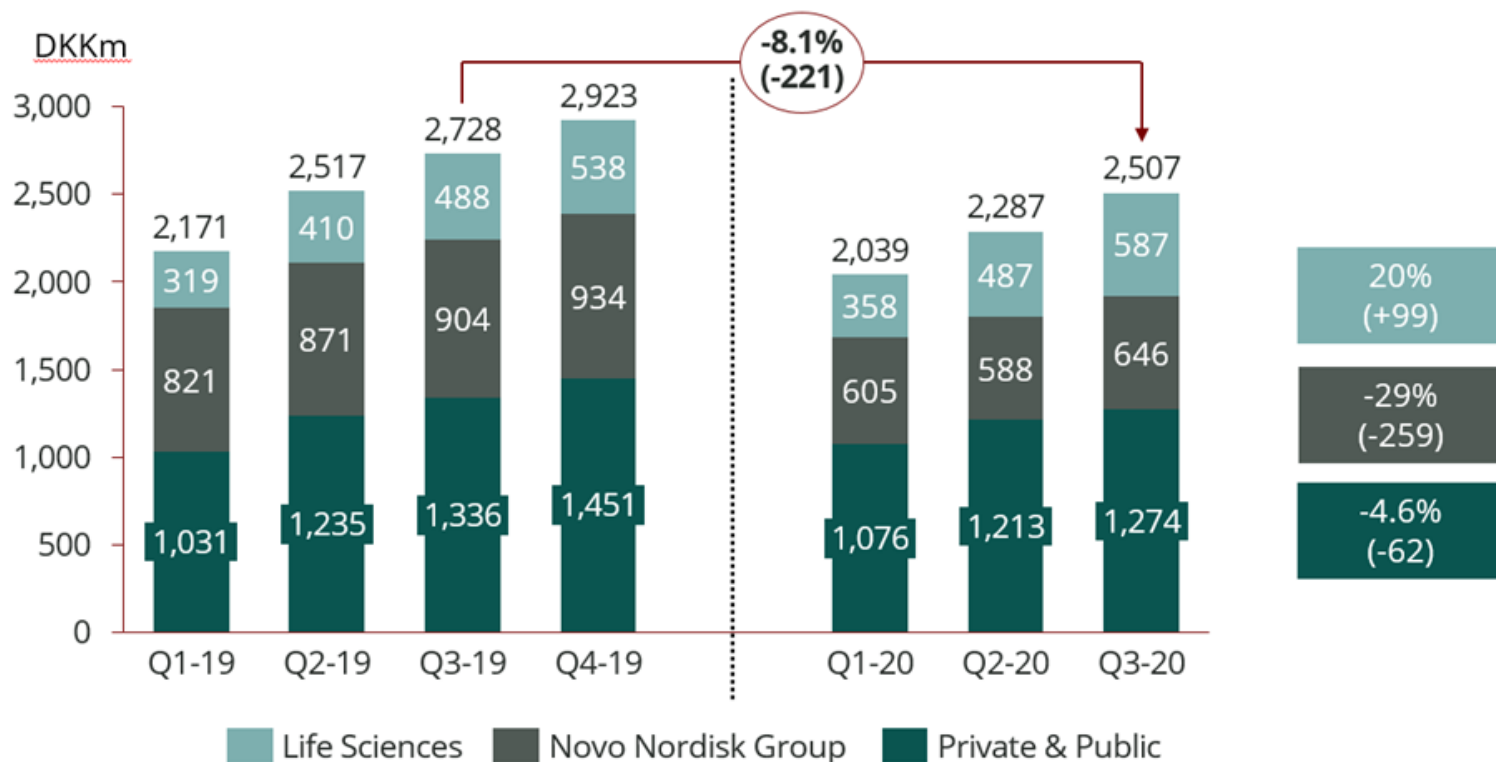
- Due to the underlying cash flow generation and strong financial position of NNIT, the Board of Directors has decided to pay an interim dividend for 2020 of DKK 2.00 per share corresponding to DKK 49.4 million
- Financial gearing is still considered low with a net debt/EBITDA of 0.9x at the end of Q2 2020

DKKm	2016	2017	2018	2019	Interim 2020
Dividends	102	105	113	98	49
Dividend per share	4.00	4.30	4.60	4.00	2.00
Payout ratio	47.2%	48.4%	48.4%	53.9%	n.a
Dividend yield	2.0%	2.4%	2.5%	3.6%	n.a
Net debt/EBITDA*	0.7	0.8	0.9	0.9	0.9

*Net debt/EBITDA after special items

Backlog development, current year

Beginning of quarter



- At the beginning of Q3 2020, NNIT's order entry backlog for 2020 amounted to DKK 2,507 million, which was a decrease of 8.1% compared to last year
- The backlog from life sciences clients, excluding the Novo Nordisk Group, increased by 20% driven by international life sciences, while the Novo Nordisk Group declined by 29% due to the loss of the large application maintenance contract and a considerable price reduction on the prolonged operation maintenance agreement
- Private & Public decreased by 4.6% mainly due to expiry of the Pandora outsourcing contract and COVID-19

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 25-30m
	Reported currencies:	Around same level
Capex	Share of revenue:	5-7%¹

- The financial performance for the first six months was in line with expectations despite COVID-19 and declining revenue from the Novo Nordisk Group and Pandora
- COVID-19 was seen to mainly impact NNIT's project business in April and May whilst growth returned to more normal levels in June
- The guidance for 2020 is maintained. Due to the continued uncertainty regarding the COVID-19 impact on the 2020 activity level there is an increased likelihood that revenue growth and operating profit margin will end in the lower end of the guidance intervals

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

Closing remarks

- NNIT's financial performance for the first six months of 2020 was in line with our expectations despite the COVID-19 situation
- Continued solid growth in life sciences international and life sciences Denmark
- Continued order intake of important contracts globally
- The guidance for 2020 is maintained. Due to the continued uncertainty regarding the COVID-19 impact on the 2020 activity level 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 17, 2020

- Interim dividend ex dividend date

August 18, 2020

- Interim dividend record date

August 19, 2020

- Interim dividend payment date

October 29, 2020:

- Interim report for the first nine months of 2020

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