



Jan 29, 2019 19:10 CET

Financial report 2018 and Annual General Meeting 2019

Full year revenue growth of 5.5% and an operating profit margin of 10.2%

Performance highlights for full year 2018

- Revenue from clients outside the Novo Nordisk Group increased by 13% driven by the international life sciences, public and enterprise customer groups all increasing double-digit
- Due to a decline in revenue from the Novo Nordisk Group of 5.2% total revenue increased by 5.5% in reported currencies
- The share of revenue clients outside the Novo Nordisk Group increased from 58% in 2017 to 63% in 2018

- Operating profit increased by 17% leading to an operating profit margin of 10.2% in reported currencies compared to 9.2% in 2017
- Net profit of DKK 236m in 2018 compared to DKK 199m in 2017
- Free cash flow after acquisitions in 2018 was DKK 116m compared to negative DKK 13m in 2017
- Order backlog for 2019 at the beginning of Q1 2019 was DKK 2,171m, a decrease of 1.9% compared to the same time last year. The backlog for 2020-2021 increased by 3.5%
- Outlook for 2019:
 - New strategy and long-term targets
 - Organic revenue growth of 6-8% excluding revenue from the Novo Nordisk Group
 - Operating profit margin of at least 10% is maintained
 - The Board of Directors proposes to increase the dividend payments to DKK 4.60 per share corresponding to DKK 113.0m which includes the interim dividend for 2018 (DKK 49.1m) paid in August 2018. This corresponds to a pay-out ratio of net profit of 48%

Per Kogut, CEO at NNIT comments: *"I am pleased that the strong growth continued in Q4 securing full year revenue growth of 5.5% and an operating profit margin of 10.2% in line with our guidance. This strong performance was driven by double-digit growth from international life sciences, enterprise and public customer groups offsetting lower sales to the Novo Nordisk Group. We are launching a new strategy and a more customer focused organization to enable further innovation and digital transformation for our clients while accelerating our growth within international life sciences and Danish clients."*

Guidance 2019

The order backlog for 2019 at the beginning of Q1 2019 declined by DKK 41.7 million to DKK 2,171 million, or by 1.9%, compared to the order backlog one year earlier. Including the recent extension of the infrastructure outsourcing agreement with DSB the backlog increases by 0.2% compared to last year. The backlog development is impacted by a decline in multiyear outsourcing agreements, while business coming from projects with low backlog visibility increases.

The guidance for 2019 revenue growth is 3-6% in constant currencies and excluding potential new acquisitions in 2019.

The operating profit margin in constant currencies is expected to be in the range of 10-10.5%.

Investments / revenue is expected to be 5-7% of revenue.

The guidance is based on a number of important assumptions, including that relevant macroeconomic trends will not significantly change business conditions for NNIT during 2019, that business performance, client and competitor actions will remain stable and that key currency exchange rates will remain at the current (as of January 23, 2019) levels versus Danish kroner.

New long-term financial targets

Since the IPO in 2015, NNIT has pursued two key long-term financial targets:

- Organic revenue growth of at least 5%
 - Operating profit margin of at least 10%
- These targets have served NNIT well as an integral part of the strategic planning and have guided NNIT to strong financial performance. The segments to drive revenue growth for NNIT going forward is our international life sciences and the Private & Public segments. Combined with continued uncertainty regarding sales to the Novo Nordisk Group, the long-term financial target for organic revenue growth is adjusted giving the following targets:
- Organic revenue growth of 6-8% excluding revenue from the Novo Nordisk Group
 - Operating profit margin of at least 10% is maintained
- There is no long-term revenue target for the Novo Nordisk Group, but as usual we will provide full-year guidance for total revenue growth at the beginning of each year in connection with the release of the annual report.

Conference call details

NNIT will host a teleconference January 30, 2019 at 10:30 CET about the financial report for 2018. Please visit the NNIT webpage at www.nnit.com to access the teleconference, which can be found under 'Investors – Events & presentations'. Presentation material will be available on the website approximately one hour prior to the start of the presentation.

Conference call details

<https://nnit.eventcdn.net/20190130>

Participant telephone numbers:

Denmark:+45 3544 5583

United Kingdom:+44 20 3194 0544

Sweden:+46 8 5664 2661

United States:+1 855 269 2604

Financial Calendar 2019

March 7, 2019 Annual General Meeting

March 8, 2019 Dividend ex dividend date

March 11, 2019 Dividend record date

March 12, 2019 Dividend payment date

May 14, 2019 Interim report for the first three months of 2019

August 14, 2019 Interim report for the first six months of 2019

October 24, 2019 Interim report for the first nine months of 2019

Forward-looking statements

This announcement 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.

Please also refer to the overview of risk factors in the 'risk management' section on page 33-35 in the Annual Report 2018.

Contacts for further information

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About NNIT

NNIT A/S is one of Denmark's leading IT service providers and consultancies. NNIT A/S offers a wide range of IT services and solutions to its customers, primarily in the life sciences sector in Denmark and internationally and to customers in the public, enterprise and finance sectors in Denmark. As of December 31, 2018 NNIT A/S had 3,214 employees. NNIT has approximately 400 clients of which around 150 are located outside Denmark. Some 20% are international life sciences clients (December, 2018). For more information please visit www.nnit.com.

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