EVRY ASA

Q1 2019 PRESENTATION

CEO PER HOVE
CFO HENRIK SCHIBLER

Agenda

- Group highlights
- Business update
- Financial highlights
- Concluding remarks
- Q&A

Group highlights

FINANCIALS			
	REVENUE (NOKm) 3 330	**EBITA**[2] (NOKm) 332	**BACKLOG** (NOKbn) 18.6
	ORGANIC GROWTH[1] 3.6%	**EBITA MARGIN**[2] 10.0%	**Cash conversion** (LTM) 97.0%

BUSINESS UPDATE

- Continuing organic growth and stable EBITA margin → improvements activities on track in Sweden
- Utilization rate Q1'19 was 78.5% from more activities in Norway, offset by lower activity level in Sweden
- Increased cash conversion in Q1'19 to 97.0%, up from 70.3% in Q1'18
- Financial Services continues to achieve revenue growth, driven by demand across all solution and service areas
- Established a Nordic consulting organisation with seven practices
- Announced a Nordic initiative to leverage the growth potential based on data economy drivers
- Signed the biggest public tender contract in Norway within RPA[3] with the municipality of Stavanger
- Karin Schreil and Johan Torstensson will join the company as, EVP Sweden and EVP DPS[4], respectively in Q2'19

1) ADJUSTED FOR CURRENCY EFFECTS, ACQUISITIONS AND DIVESTMENTS
2) BEFORE OTHER INCOME AND EXPENSES
3) RPA = ROBOTICS PROCESS AUTOMATION
4) DPS = DIGITAL PLATFORM SERVICES

EVRY #1 in customer satisfaction in Sweden

General customer satisfaction in sourcing, Sweden (percent)

1. **EVRY, 79**
2. TCS, 79
3. Telenor 78
4. Accenture, 77
5. Salesforce, 73
6. Microsoft, 73
7. CGI, 72
8. SAP, 71
9. Wipro, 71
10. Atos, 71
11. Telia, 71
12. Capgemini, 70
13. Atea, 70
14. HCL, 67
15. DXC, 65
16. Fujitsu, 65
17. IBM, 65
18. Tieto, 60
19. Oracle, 53

 SOURCE: WHITELANE AND PA CONSULTING (24 APRIL 2019)

Business update

Photo: EVRY Innovation Hub

Seven consulting practices supporting the customer journey

Photo: EVRY Innovation Hub, interns 2018

EVRY

Our 7 practices support needs throughout the entire customer journey

Understanding of possibilities

Clarity of direction

Enabling value creation

Realizing potential

Sustaining performance

Digital Experience

Business Consulting

AI, Analytics & Insight

Application Innovation

Business Applications

Security & Risk

Cloud & Infrastructure

Gudbrandsdal Energi

AI INNOVATION of Sweden

Eidsiva Energi

The Research Council of Norway

SYSTEM BOLAGET

STAVANGER KOMMUNE

banknorwegian

EVRY

Achieving more with less through Robotics automation of Public Services

STAVANGER KOMMUNE

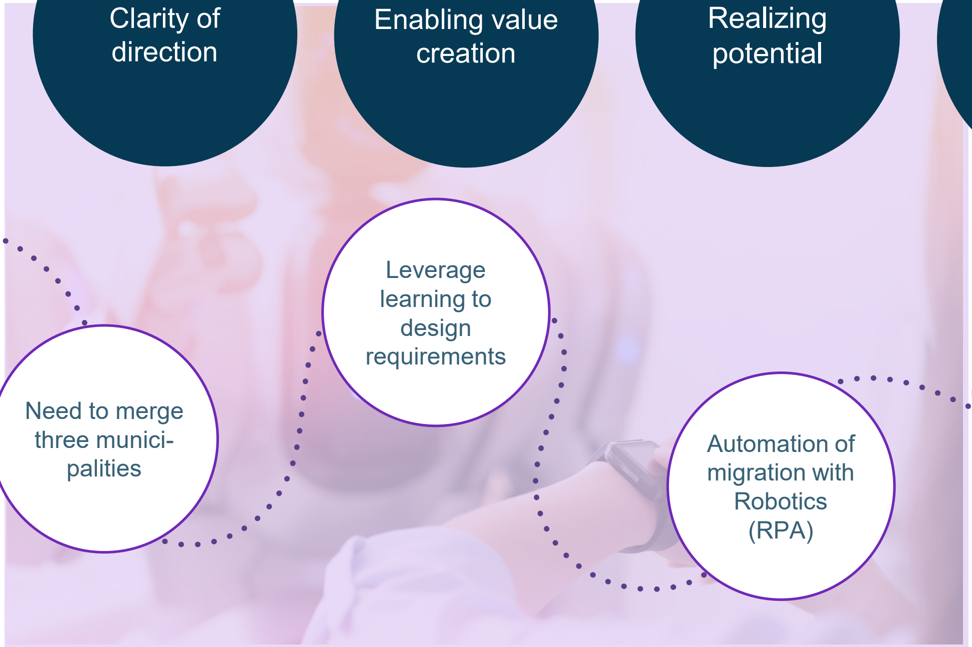
Understanding of possibilities

Clarity of direction

Enabling value creation

Realizing potential

Sustaining performance



Pilot run to build insight in Robotics capabilities

Need to merge three munici-palities

Leverage learning to design requirements

Automation of migration with Robotics (RPA)

Increased productivity for digital citizen services – “New Stavanger”

Strengthening innovativeness to meet an unpredictable energy future

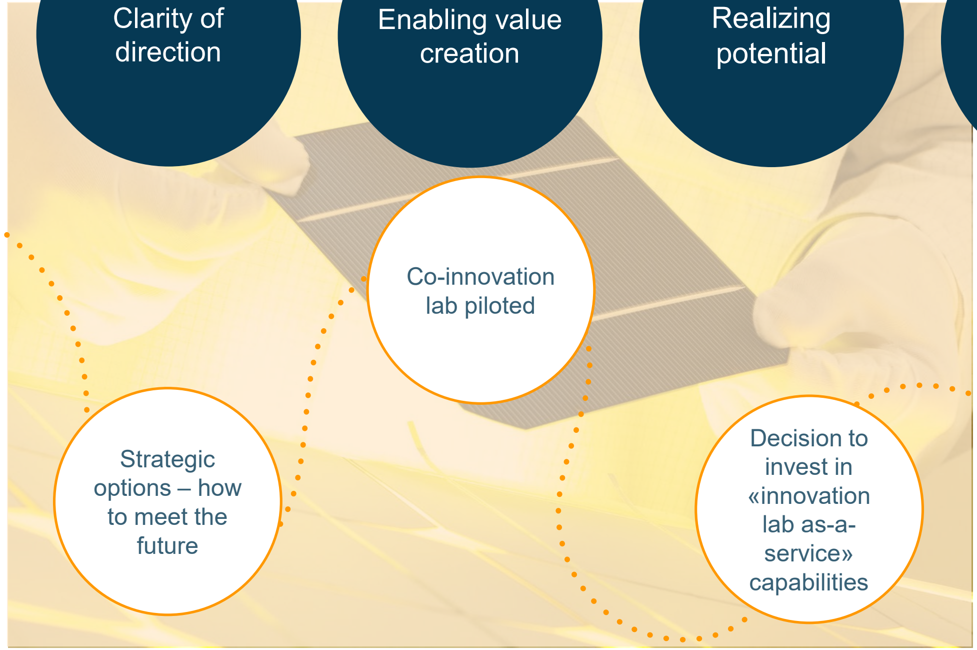
Understanding of possibilities

Clarity of direction

Enabling value creation

Realizing potential

Sustaining performance



De-regulation & changing customer behavior

Strategic options – how to meet the future

Co-innovation lab piloted

Decision to invest in «innovation lab as-a-service» capabilities

Ramping up for increased innovation effectiveness

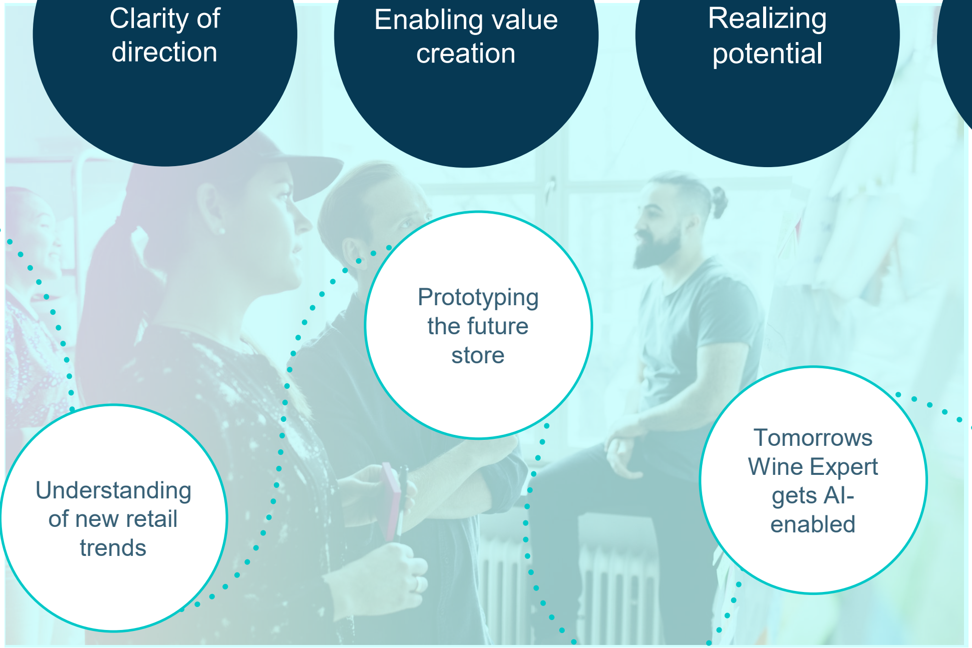
Innlandskraft AS and EVRY establish EnergiLab!

Managing Director for Innlandskraft, Maren Kyllingstad, says that the need for increased competition in a market that is in the process of being consolidated is an important reason for the collaboration with EVRY and EnergiLab.

"We see that profitable customer growth must take place through the development of new products and services that support the core business stream", says Kyllingstad

"Our goal is that customers, as a consequence of EnergiLab, and our new way of working with innovation, will perceive our brand Eidsiva Energi and Gudbrandsdal Energi as exciting and forward-looking energy companies that offer "something extra ". Through the job done for phase 0, we are confident that EVRY will provide us with the necessary expertise and methodology to achieve this goal.", adds Arne Grini, Head of Development and Service Delivery in Eidsiva Market.

The future of retail – AI enabled recommendation of the best wines



Understanding of possibilities

Clarity of direction

Enabling value creation

Realizing potential

Sustaining performance

Rapid shifts in customer behaviour

Understanding of new retail trends

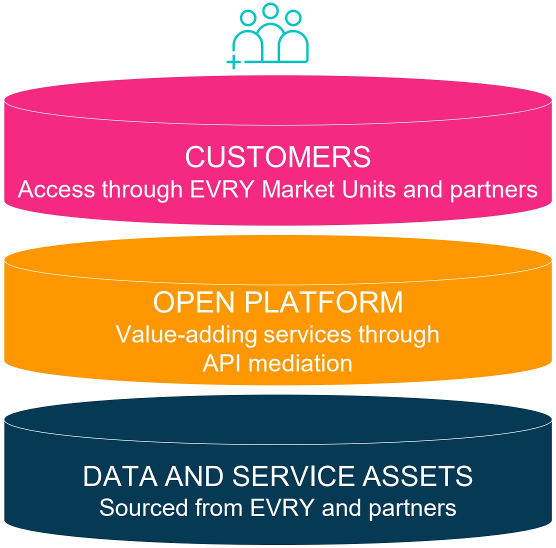
Prototyping the future store

Tomorrows Wine Expert gets AI-enabled

Increased end customer satisfaction – “Impress the customer”

Nordic initiative to leverage data economy drivers

Nordic initiative to leverage the growth potential based on data economy drivers and EVRY position

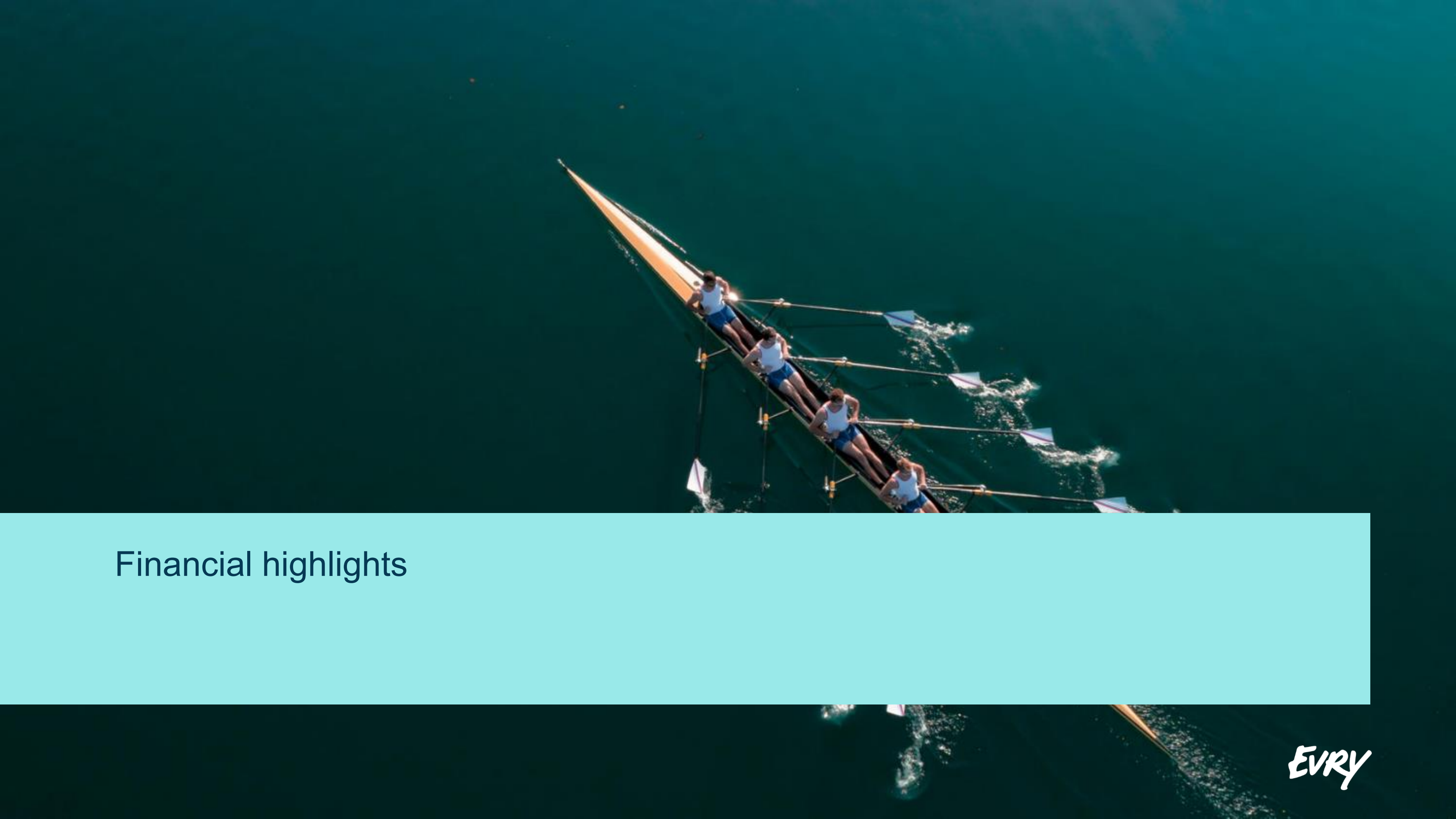


KEY MODEL PRINCIPLES

MARKET FOCUSED
- Customer-centric applications
- Value-adding data-driven services

OPEN PLATFORM
- Platform and eco-system for innovation and new business models
- Open for partnering (upstream & downstream)
- Driven by API mediation

FLEXIBLE
- Customer’s own data
- Data integrated from external sources
- Data managed by EVRY
- Internal meta-data



Financial highlights

Group financial highlights

	EVRY GROUP Q1 2019	EVRY GROUP Q1 2018	NORWAY Q1 2019	NORWAY Q1 2018	SWEDEN Q1 2019	SWEDEN Q1 2018	FINANCIAL SERVICES Q1 2019	FINANCIAL SERVICES Q1 2018
REVENUE NOKm	3 330	3 208	1 501	1 465	816	839	887	819
ORGANIC GROWTH[1]	3.6%	0.5%	2.5%	-2.8%	-2.3%	-3.8%	8.7%	4.7%
EBITA[2] NOKm	332	320	157	117	31	65	94	92
EBITA MARGIN[2]	10.0%	10.0%	10.4%	8.0%	3.8%	7.7%	10.6%	11.2%

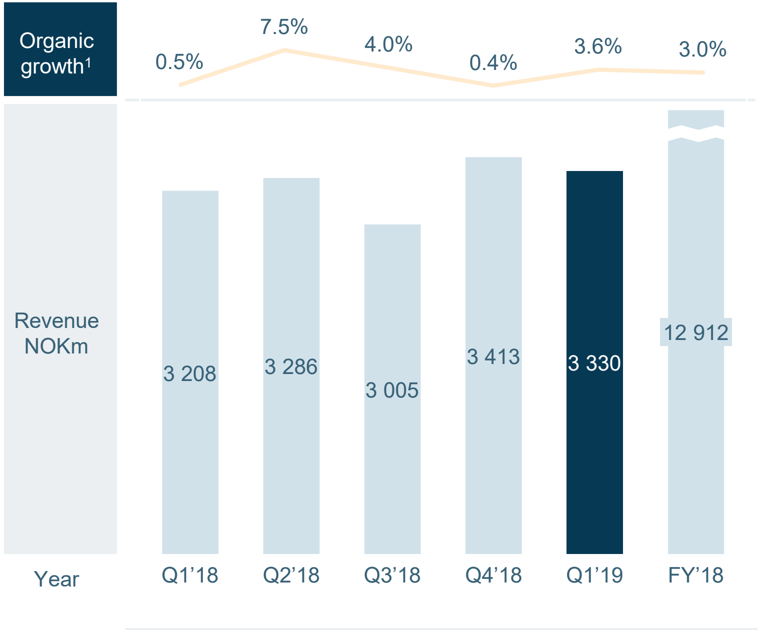
CASH CONVERSION	FREE CASH FLOW (FCF)	EPS[2]	BACKLOG
▲ 97.0% LTM Mar’19	▲ NOK -62m Q1’19	▲ NOK 0.50 Q1’19	▲ NOK 18.6bn 31 Mar’19

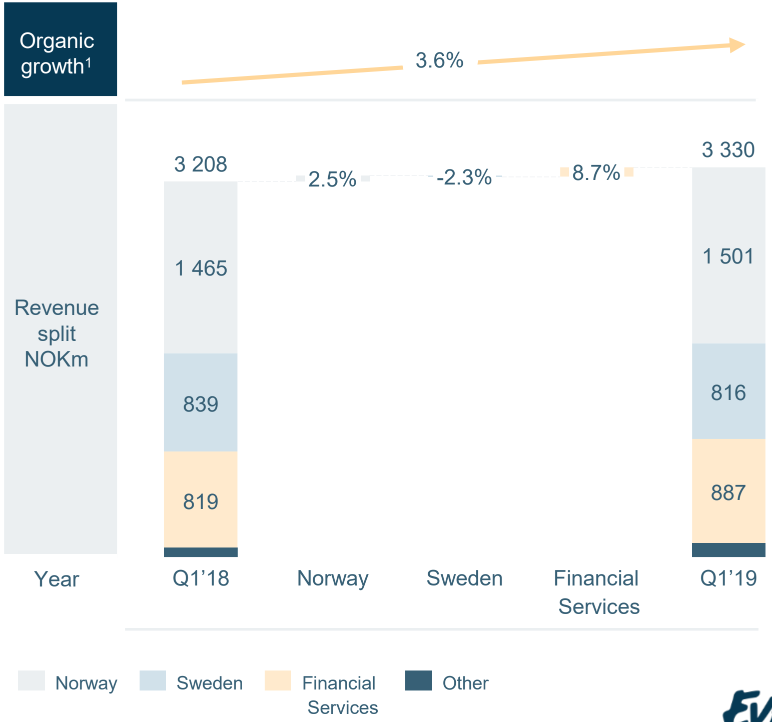
Organic revenue growth Q1 2019

Consulting Services	7.6%
Application Services	8.6%
Digital Platform Services	1.9%
Fulfilment Services	-21.3%

1) ADJUSTED FOR CURRENCY EFFECTS, ACQUISITIONS AND DIVESTMENTS
2) BEFORE OTHER INCOME AND EXPENSES
* CASH CONVERSION, FCF, EPS AND BACKLOG ARE COMPARED TO Q1 2018

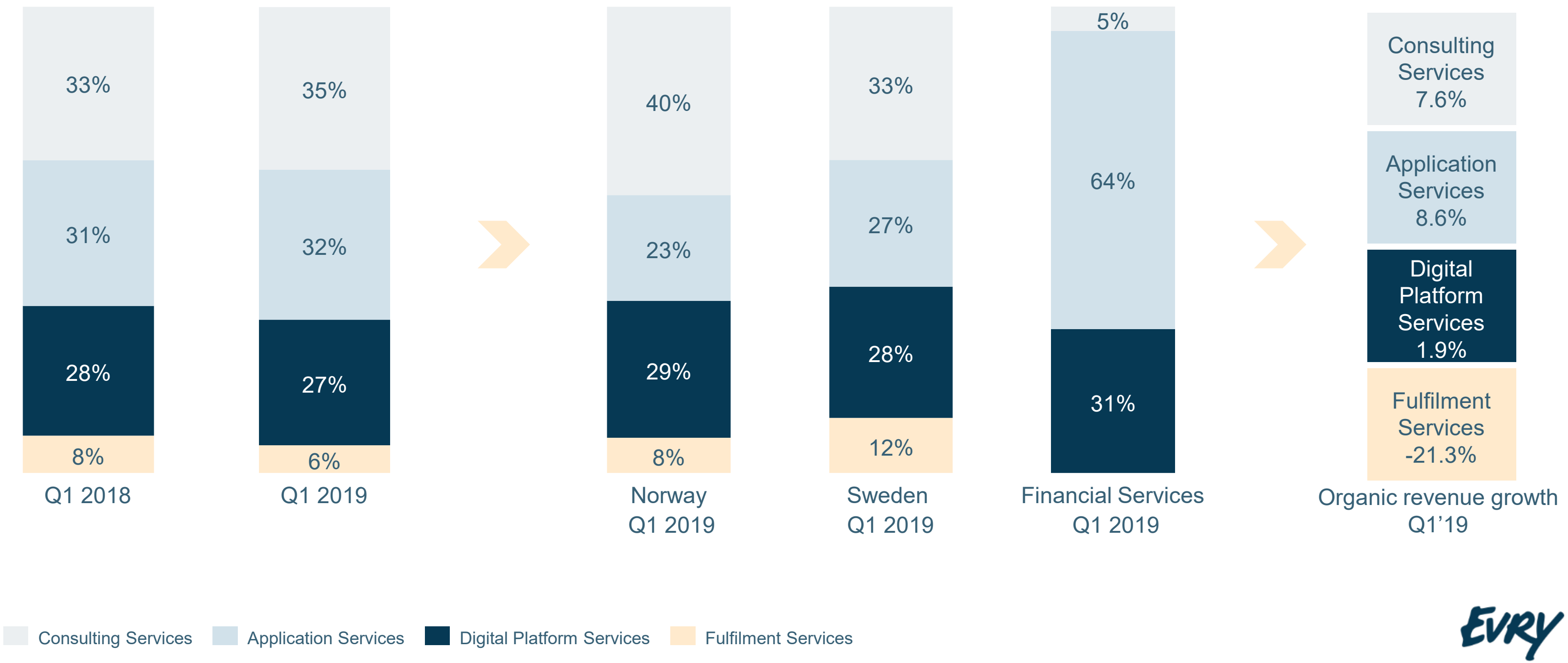
Continuing organic growth on Group level, but still challenges in Sweden



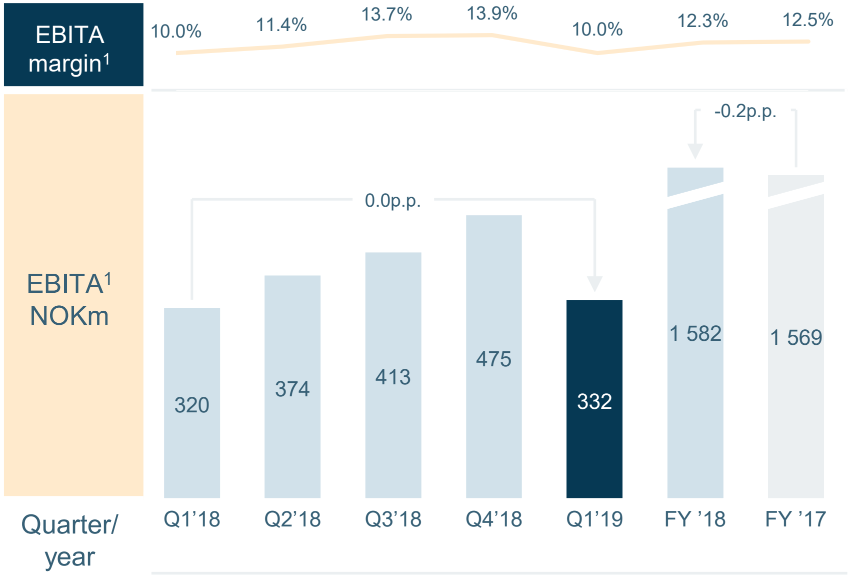


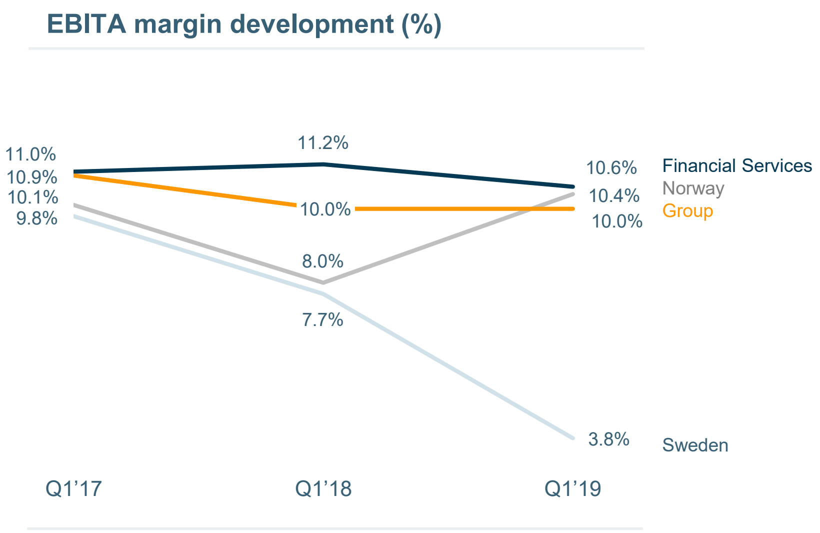
1) ORGANIC GROWTH: ADJUSTED FOR CURRENCY EFFECTS, ACQUISITIONS AND DIVESTMENTS

The ongoing change in product mix is according to plan



Sweden diluting good momentum from the rest of the Group

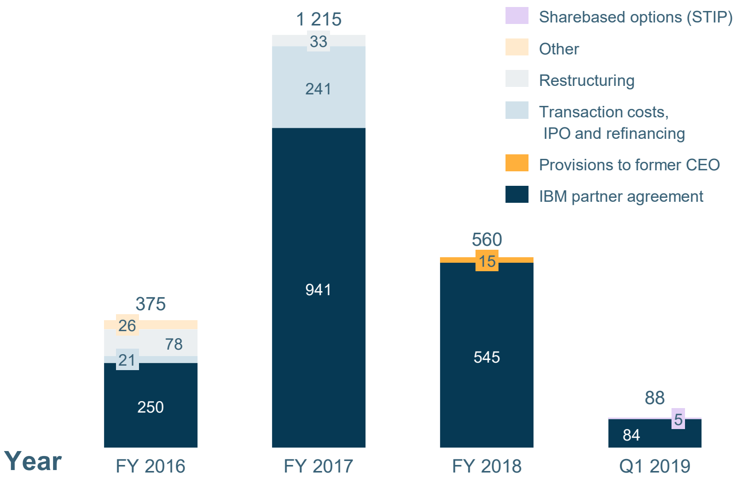




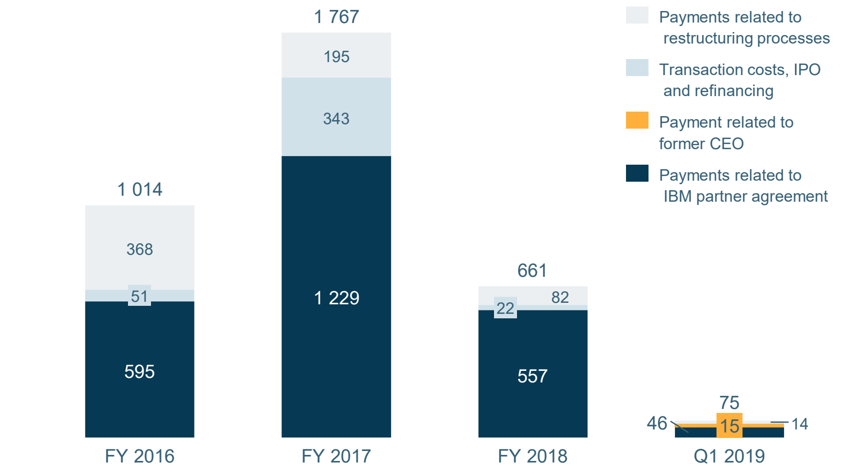
 1) EBITA: BEFORE OTHER INCOME AND EXPENSES

Other income and expenses is front loaded in 2019, but in line with guidance

OIE with P&L effect (NOKm)



OIE with cash flow effect (NOKm)



Increase in cash conversion and high cash flow

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19
Cash conversion[1]	70.3%	78.3%	82.8%	86.2%	97.0%
LTM FCF[2]	572	887	950	997	1 256
Quarter end on weekend/ holiday	Yes	Yes	Yes	No	Yes

- LTM Cash conversion as of 31 March 2019 ended at 97.0%, compared to 70.3% as of LTM 31 March 2018
- Increase in cash conversion from reduced working capital outflow and higher EBITDA relative to operational cash flow before paid interests for LTM ended 31 March 2018
- Less negatively impacted by transition and transformation expenses related to the IBM partner agreement (reduced from NOK 140m to NOK 46m)

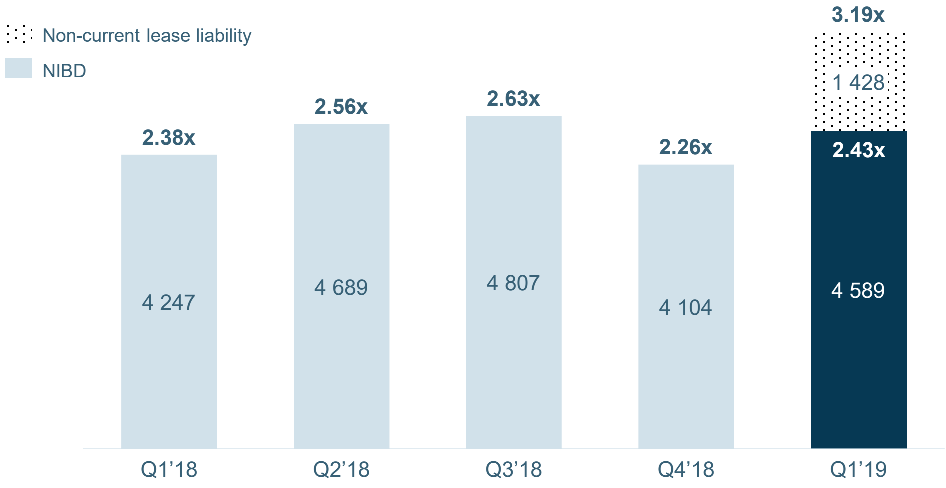
1) CASH CONVERSION: MEASURES HOW EBITDA IS CONVERTED INTO CASH AND IS DEFINED AS ADJUSTED OPERATIONAL CASH FLOW BEFORE PAID INTERESTS DIVIDED BY ADJUSTED EBITDA. IN ADDITION, CASH CONVERSION IS ALSO CALCULATED AFTER INVESTMENTS IN TANGIBLE OPERATING ASSETS AND IN-HOUSE DEVELOPED SOFTWARE AND SALE OF TANGIBLE ASSETS.
2) FREE CASH FLOW (FCF): IS DEFINED AS OPERATIONAL CASH FLOW ADJUSTED FOR CASH EFFECT OF OTHER INCOME AND EXPENSES LESS NET OPERATIONAL INVESTMENTS

Net leverage of 3.19x LTM EBITDA

Net interest bearing liabilities 31 March 2019:

- Total outstanding long-term debt NOK 6 145m
  - whereof NOK 1 428m was related to non-current lease liabilities (due to IFRS 16)
- Cash position of NOK 475m
- Net leverage excluding IFRS 16 was 2.43x

Net leverage multiples[1]



1) NET INTEREST BEARING DEBT/ ADJUSTED LTM EBITDA

IFRS 16 implementation: implications

- The major asset groups for EVRY are IT equipment, Office buildings and Datacenter (over 90%)
- The outsourcing/service agreement with IBM will not be treated as a lease liability under IFRS 16

- The Group's assessment has identified an increase on the Group's balance sheet (assets and liabilities) of NOK 1.7 billion, with no effect on the book value of total equity (Right of Use Asset equal to Lease Liability). This implies an reduction of the equity ratio as of 31 December 2018 of 3.3pp (i.e. equity ratio of 22.4%)

- In the Consolidated Statement of Comprehensive Income, operating lease costs (in other operating costs) will be replaced by depreciation and interest expenses. As a result, the group expects the EBITDA to increase in the range of NOK 250 - 350 million. The group expects no significant impact on profit for the year as a result of the implementation of IFRS 16.

- In the cash flow statement, the part of lease payments that relates to repayment of the lease liability will be reclassified from cash flows from operations to cash flows from financing.
- See note 4 to the Q1'19 interim report for further information about the implementation effect of IFRS 16

Concluding remarks

Ambitions for 2019

	2019 ambitions	Comments
	Revenue[1] 2 ⬌ 4% organic growth	▪ EVRY Sweden returning to growth ▪ Application Services remains a key area for growth ▪ Focus on growth within Consulting
	Adj. EBITA margin[1] 12 ⬌ 13%	▪ Continue to increase Application and Consulting ▪ Renewed focus on Sweden will drive improvements ▪ Margin pressure remains within infrastructure
	OIE	
P&L effect	NOK 200 ⬌ 250m	P&L seasonality ▪ Linear over the year, but somewhat front loaded in H1 2019
Cash effect	NOK 70 ⬌ 120m	Cash flow seasonality ▪ Q1 some higher than remaining quarters
	Capex +/- 2.5%	▪ Mainly related to IP within Financial Services and other key verticals ▪ Limited infrastructure Capex
	Dividend: ~60%	▪ Dividend payout ratio of around 60% of Adjusted Net Profit

Upcoming events

- **12 Jul 2019:** Q2 2019 earnings release
- **31 Oct 2019:** Q3 2019 earnings release

Q&A

Business area performance

Financial highlights

		NORWAY		SWEDEN		FINANCIAL SERVICES		GLOBAL DELIVERY	
		Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018	Q1 2019	Q1 2018
ORGANIC GROWTH[1]		2.5%	-2.8%	-2.3%	-3.8%	8.7%	4.7%	18.9%	12.6%
EBITA MARGIN[2]		10.4%	8.0%	3.8%	7.7%	10.6%	11.2%	15.9%	15.5%
31 MAR. 2019 BACKLOG		NOK 6.9bn		NOK 3.1bn		NOK 8.5bn			

1) ADJUSTED FOR CURRENCY EFFECTS, ACQUISITIONS AND DIVESTMENTS
2) BEFORE OTHER INCOME AND EXPENSES

Operational highlights

SELECTED CONTRACTS

Q1 2019 HIGHLIGHTS

NORWAY

- Increased profitability q-on-q driven by Consultancy- and Application services
- Awarded contract for group consolidation at XXL SA
- Chosen by Finans Norge Forsikringsdrift to manage and develop its core systems that support the Insurance Industry in Norway with common systems
- Won contract for new invoice processing solution to Statsbygg
- Delivered automation program including AI to the administration of the Research Council of Norway

SWEDEN

- Continuing lower activity level and performance → decreased utilisation rate q-on-q to 76.7%
- Reduced profitability due to lower utilisation and up sales in infrastructure area
- Founding member of “AI Innovation of Sweden
- Expanded business to grow further with Rusta within BI and integration
- Prolonged partnership with PostNord with regards to transport planning and development of Alystra[1]

FINANCIAL SERVICES

- The banking and card area reported solid revenue growth
- Slightly lower profitability q-on-q due to high activity in card Q1’18, and change in product mix for cards
- Entered into a five-year agreement for card-related services with Bank Norwegian
- Karin Schreil and Johan Torstensson will join the company as, EVP Sweden and EVP DPS3, respectively in Q2’19

GLOBAL DELIVERY

- Approx. 60% of revenue relates to external customers
- Continue to deliver a stable margin
- High utilization in EVRY India, Ukraine and Latvia
- Positive impact by strengthening of the USD and EUR against the local Indian currency

Group events:

- 12th best in this year’s SHE Index on gender equality
- Received the third CDP A-rating

1) ALYSTRA: TRANSPORT MANAGEMENT PLATFOR

Financials

Profit & loss (NOKm)	Q1 2019	Q1 2018	FY 2018
Revenue	**3 330**	**3 208**	**12 912**
Cost of goods sold	1 121	1 098	4 354
Salaries and personnel costs	1 546	1 430	5 612
Other operating costs	213	306	1 133
Adjusted EBITDA	450	374	**1 812**
Depreciation and write-down of tangible assets and in-house developed software	119	54	230
Adjusted EBITA	**332**	**320**	**1 582**
Other income and expenses	88	125	560
EBITA	243	195	1 022
Amortisation of customer contracts	-	1	1
EBIT	243	194	1 021
Net financial items	-95	-68	-231
Profit/-loss before tax	148	126	791
Taxes	30	26	151
Profit/-loss	118	100	640

Profit & Loss

- Organic growth of 3.6% and operating revenue of NOK 3 330m Q1’19:
  - **Consulting Services:** Revenues was NOK 1 222m, equal to 34.9% of total group revenues in Q1’19. In Q1’18 revenues amounted to NOK 1 106m or 32.9% of total group revenues. Organically this implies an increase of 7.6% in Q1’19. The utilisation rate in Q1’19 (Norway and Sweden combined) was 78.5%, a decrease of 2.8 pp compared to the same quarter last year.
  - **Application Services:** Revenues was NOK 1 129m in Q1’19, which represent 32.2% of total group revenues. In Q1’18 amounted to NOK 1 050m or 31.2% of total group revenues. Organically this implies a growth of 8.6% in Q1’19. Financial Services amounted to NOK 567m or 50.2% of the Application Services revenues.
  - **Digital Platform Services (Infrastructure Services) and Fulfilment Services:** Revenues was NOK 944m, equal to 26.9% of total group revenues in Q1’19. In Q1’18, Digital Platform Services revenues amounted to NOK 934m (27.8% of total group revenues). Organically this segment grew 1.9% in Q1’19 relative to Q1’18. Revenues within Fulfilment Services was NOK 211m, equal to 6.0% of total group revenues in Q1’19. In Q1’18 Fulfilment Services revenues amounted to NOK 272m (8.1% of total group revenues).
- Other income and expenses totalled NOK 88m Q1’19, where of NOK 84m was related to the IBM partnership transition and transformation project. In Q1’18 other income and expenses totalled NOK 125m (all related to IBM), which implies a reduction of NOK 41m in Q1’19.
- Net financial expenses in Q1’19 was NOK 95m, an increase of NOK 27m from NOK 68m in Q1’18. Financial expenses Q1’19 was increased by NOK 17m compared to Q1’18 as a result of the implementation of IFRS 16. The net financial expenses were negatively impacted by an agio effect of NOK 29m in Q1’19 compared to a negative agio effect of NOK 20m in Q1’18.
- The effective tax rate for Q1’19 was 20.3%, representing a tax expense of NOK 30m. The effective tax rate for Q1’18 was 20.9%, representing a tax expense of NOK 26m.

Cash flow

Cash flow (NOKm)	Q1 2019	Q1 2018	FY 2018
Profit/-loss before tax	**148**	**126**	**791**
Depreciation, write-down and amortization	119	55	231
Tax paid	-1	-4	-69
Net financial items	48	22	42
Change in net working capital	-343	-592	-265
Other changes	66	160	644
Adjusted net cash flow from operations	**36**	**-232**	**1 374**
Cash effect from other income and expenses	-75	-179	-661
Net cash flow from operations	**-38**	**-411**	**713**
Net cash flow from investments	-98	-88	-534
Net cash flow from financing	-28	-2	-414
Changes in foreign exchange rates	-6	-11	1
Net change in cash flow	**-171**	**-512**	**-234**
Free Cash flow	**-62**	**-320**	**997**

- Net cash flow from operations in Q1’19 was negative NOK 38m, an improvement of NOK 373m from negative NOK 411m in Q1’18.
- Adjusted operational cash flow in Q1’19 was NOK 36m, compared to negative NOK 232m for the corresponding quarter in 2018. The increase in net cash flow from operations in Q1’19 was due to increased EBITDA and reduced working capital outflow.
- Q1’19 was less negatively impacted by transition and transformation expenses related to the IBM partner agreement, as these were reduced from NOK 140m to NOK 46m.
- Net operational investments for Q1’19 amounted to NOK 98m, compared to NOK 88m Q1’18. Investment in tangible operating assets amounted to NOK 26m Q1’19, while investment in in-house developed software amounted to NOK 72m. The corresponding figures in Q1’18 were NOK 30m and NOK 64m respectively.
- Net cash flow from financing in Q1’19 was negative NOK 28m. Payments related to lease liabilities amounted to NOK 78m in Q1’19. In Q1’18, net cash flow from financing was negative NOK 2m.
- FCF in Q1’19 was negative NOK 62m compared to negative NOK 320m in Q1’18.

Other income and expenses

Break down Other income and expenses (NOKm)	Q1 2019	Q1 2018	FY 2018
EBITA	**243**	**195**	**1 022**
IBM partner agreement	-84	-125	-545
Provision for CEO	-	-	-15
Sharebased options (STIP)	-5	-	-
Total Other income and expenses	**-88**	**-125**	**-560**
Adjusted EBITA	**332**	**320**	**1 582**
Depreciation and Write-downs	119	54	230
Adjusted EBITDA	**450**	**374**	**1 812**

Other income and expenses with cash flow effect (NOKm)	Q1 2019	Q1 2018	FY 2018
Adjusted operational cash flow	36	-232	1 374
Payments related to restructuring processes	-14	-29	-82
Transaction, IPO and refinancing payments	-	-10	-22
Payments related to IBM partner agreement	-46	-140	-557
Payments related to former CEO	-15	-	-
Net cash flow from operations	**-38**	**-411**	**713**

EBITA effect:

- Other income and expenses totalled NOK 88m in Q1'19, where of NOK 84m was related to the IBM partnership transition and transformation project. In Q1'18 other income and expenses totalled NOK 125m (all related to IBM), which implies a reduction of NOK 41m Q1'19.

Cash flow effect:

- Q1'19 was less negatively impacted by transition and transformation expenses related to the IBM partner agreement, as these were reduced from NOK 140m to NOK 46m in Q1'19.

Disclamer

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EVRY

Digital
Advantage