

# Q1 2019

PRESENTATION

**Webstep ASA**

OSLO, 22 MAY 2019

Arne Norheim, CEO  
Liv Annike Kverneland, CFO



1. **Highlights**
2. Business review
3. Financial review
4. Outlook
5. Q&A

# Q1 HIGHLIGHTS

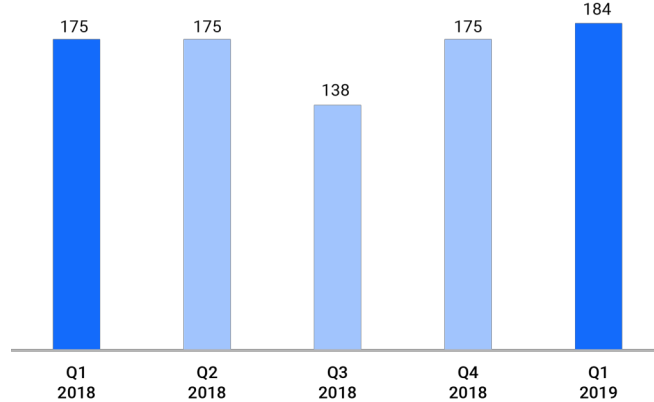
- All-time high revenue of NOK 184.4 million (+5.5 %), lead by Norway with revenue growth of 9.4 %
- EBITDA of NOK 22.3 million (-6.6 %) impacted by increased use of subcontractors and CEO recruitment costs
- New CEO appointed
- Geographic expansion continues
- Continued high demand for Webstep's services



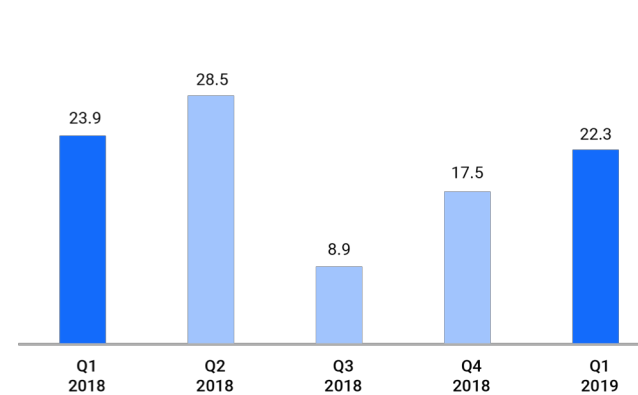
# CAPACITY AND SEASONALITY

## KEY VALUE DRIVERS

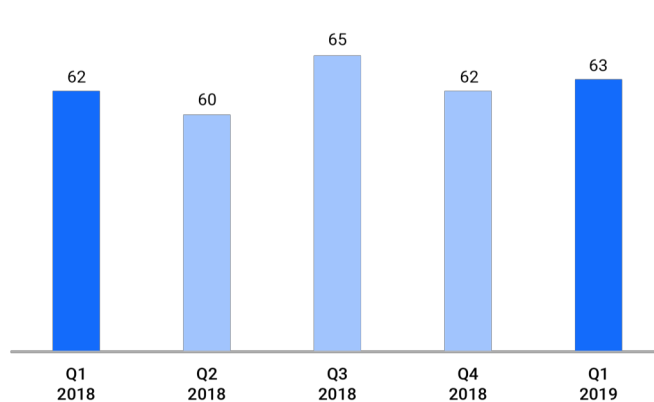
Revenues by quarter  
NOK million



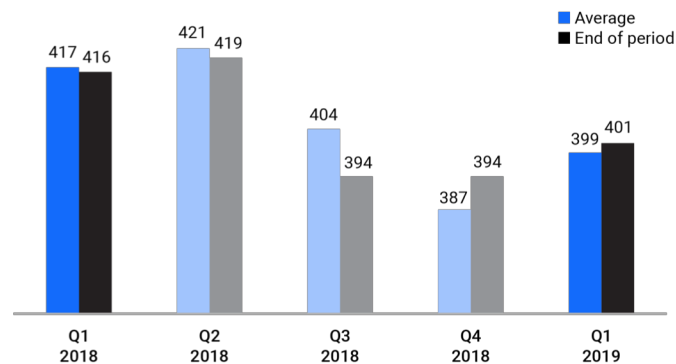
EBITDA by quarter  
NOK million



Working days by quarter, Norway (excl. vacation)  
NOK million



Number of employees by quarter  
(average and end of period)



### Highlights Q1

- Revenues +5.5% Y/Y
- Revenues in Norway +9.4 % Y/Y
- Higher hourly rates and use of subcontractors boost revenue, but lower capacity compared to Q1 2018
- Easter holidays falling in April 2019, as opposed to March 2018, gave one extra working day
- Increased use of subcontractors and CEO recruitment costs affect EBITDA



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# BUSINESS REVIEW

## MARKET AND CUSTOMERS

### Market conditions **still favourable**

- Continued strong demand for IT expert services in all markets
- Demand drives increased hourly rates in both the public and private sectors

### Status as **Amazon Web Services Reseller**

- Extends the Webstep offering
- Meets demand from clients
- Simplifies the client experience

### Expanding **the market reach**

- New office opened in Sundsvall, Sweden



# **BUSINESS REVIEW | CUSTOMER CASE**

## **Machine Learning to strengthen the market position**



**Bisnode is one of Europe's leading providers of services that interpret, refine and understand data that forms the basis of their clients' business decisions**

- Webstep expert consultants have been part of Bisnode's development team since Bisnode decided to enter the market of digital advertising. The consultants have developed the Bisnode digital marketing machine learning solution from the ground up
- By combining large streams of online behavior data with public geographical data, the solution enables improved audience targeting
- With Bisnode programmatic display marketing, customers that are likely to be interested in the clients products, are reached more effectively

## **BUSINESS REVIEW | CUSTOMER CASE**

# **Leading the way with complete Intelligent Transportation Systems (ITS) solutions**



**Q-free is a global supplier of class-leading Tolling, Parking, Traffic Management and Connected ITS (C-ITS)/Connected Vehicle solutions**

- Q-free is making the world greener by optimising the infrastructure of all kinds of traffic-flow
- Webstep's expert IT consultants have supported Q-free with the development of key system components for collection of all the data, letting smart cities manage traffic to run more efficiently
- Webstep has been Q-free's partner for scaling and technology within system development for the past 10 years

# BUSINESS REVIEW | CUSTOMER CASE

## Leading Norwegian property technology partner

The logo for Ambita, featuring the word "ambita" in a lowercase, rounded, purple sans-serif font.

**Ambita is the leading integrator of property information and services in the Norwegian fintech and proptech markets**

- Ambita provides automated decision support, portfolio analysis, valuation and summarising machine learning services to its fintech and proptech clients
- Webstep expert consultants have supported Ambita with migrating its operations from their legacy platform to a full scale modern cloud solution on Amazon Web Services
- Webstep has been an important partner for Ambita for more than 10 years and continues to support Ambita's digital offerings

# **BUSINESS REVIEW | CUSTOMER CASE**

## **Utilising the AWS reseller position to create new possibilities**

**Amazon Web Services (AWS) is the world-leading cloud services platform provider. Since becoming an AWS Reseller early 2019, Webstep has won two public cloud frame agreements within the Norwegian public sector**



- Norsk Tipping is a Norwegian state-owned betting firm. Webstep won one out of three frame agreements for public cloud access and expertise
- Statistics Norway (SSB) is the official provider of Norwegian public statistics. Webstep's AWS reseller agreement and AWS expert consultants were key in winning the SSB cloud frame agreement together with one of our partners
- The AWS reseller status made Webstep eligible to bid on these agreements



# BUSINESS REVIEW

## EMPLOYEES AND ORGANISATION

### Continued **strong competition** for IT experts

- Recruitment is top priority, yet time consuming and subject to fierce competition for talents
- Strong focus on competence building activities to retain, develop and attract the expert consultants

### Great Place to Work survey

- Valuable feedback from the consultants confirms a strong and trust-based culture
- Norway awarded second place in its category
- Sweden climbed two places in the Swedish ranking from number 16 to 14

### Arne Norheim appointed **new CEO**

- Served 6 years as Country General Manager of IBM
- Extensive international experience within the IT sector



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# FINANCIAL REVIEW | ALL-TIME HIGH REVENUES

(Amounts in NOK million)

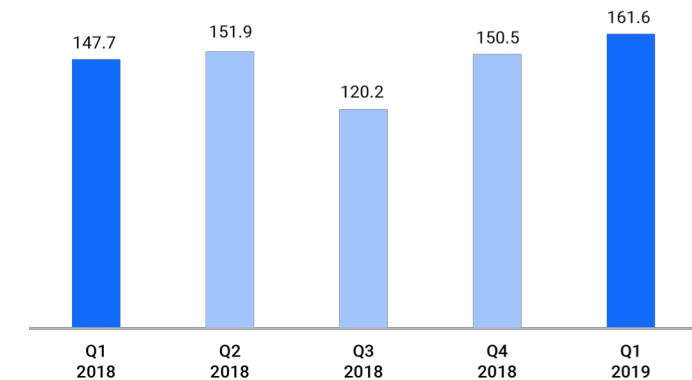
	Q1 2019	Q1 2018	% Change	FY 2018
<b>Total revenues</b>	<b>184.4</b>	<b>174.9</b>	<b>5.5 %</b>	<b>663.2</b>
Cost of services and goods	22.4	17.3		70.6
Salaries and personell cost	128.9	124.6		470.8
Other operating expenses	10.7	9.0		42.9
<b>EBITDA</b>	<b>22.3</b>	<b>23.9</b>	<b>-6.6 %</b>	<b>78.8</b>
EBITDA margin	12.1 %	13.7 %		11.9 %
Depreciation and amortisation	2.2	0.6		2.9
<b>EBIT</b>	<b>20.2</b>	<b>23.3</b>	<b>-13.4 %</b>	<b>75.9</b>
EBIT margin	10.9 %	13.3 %		11.4 %
Net financial items	-0.4	-0.4		-2.3
<b>Profit before tax</b>	<b>19.8</b>	<b>22.9</b>	<b>-13.8 %</b>	<b>73.5</b>
Income tax expenses	4.3	5.2		17.3
<b>Profit for the period</b>	<b>15.4</b>	<b>17.7</b>	<b>-12.7 %</b>	<b>56.2</b>
<b>Earnings per share (NOK)</b>	<b>0.58</b>	<b>0.67</b>	<b>-13.1 %</b>	<b>2.13</b>
<b>Earnings per share. fully diluted (NOK)</b>	<b>0.58</b>	<b>0.67</b>		<b>2.12</b>

- Higher hourly rates and increased use of subcontractors boost revenue, but lower capacity compared to Q1 2018
- Higher costs due to increased use of subcontractors
- CEO recruitment costs and competence building activities affect EBITDA
- Implementation of IFRS 16 positive effect on EBITDA, but increases depreciation (NOK 1.2 million)

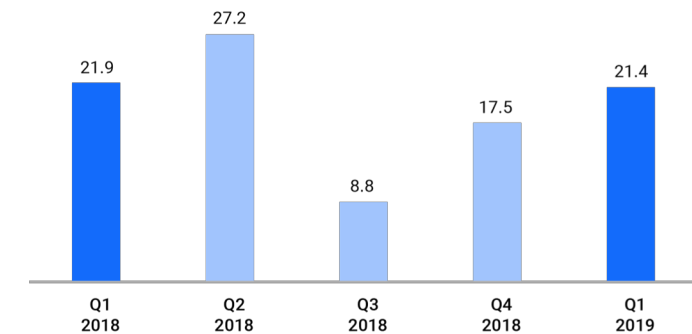
# FINANCIAL REVIEW | NORWAY

- Strong revenue growth: Q1 NOK 161.6 m (+9.4%)
- Market situation remains very favourable
- Higher hourly rates and increased use of subcontractors boost revenue, but lower capacity compared to Q1 2018
- Increased use of subcontractors and CEO recruitment costs reduce margins

Norway – revenues by quarter  
NOK million



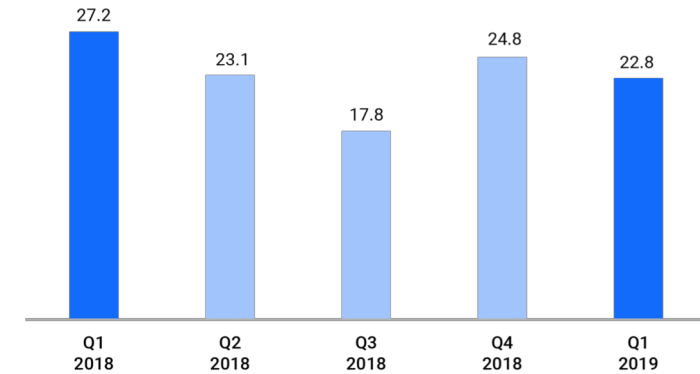
Norway – EBITDA by quarter  
NOK million



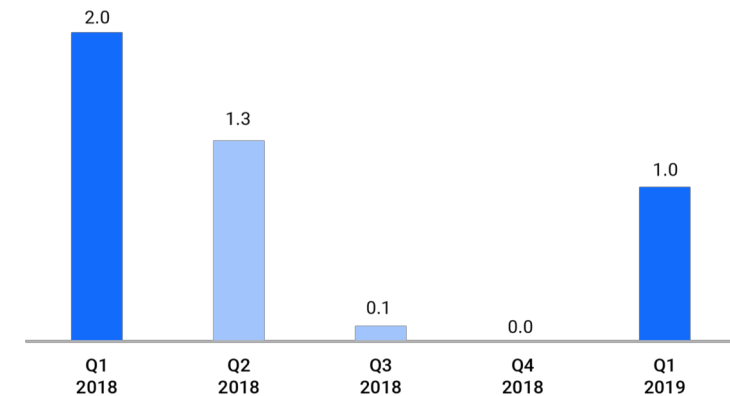
# FINANCIAL REVIEW | SWEDEN

- Revenues: Q1 NOK 22.8 m (-16%, -14% constant currency)
- Revenue reduced due to less use of subcontractors and negative currency effect, but positive effect from increased hourly rates and utilisation
- New office in Sundsvall, in addition to recent opening in Uppsala

Sweden – revenues by quarter  
NOK million



Sweden – EBITDA by quarter  
NOK million



# FINANCIAL REVIEW | A CAPITAL EFFICIENT BUSINESS

(Amounts in NOK million)

	31 Mar 2019	31 Dec 2018	31 Dec 2018
<b>ASSETS</b>			
<i>Non-current assets</i>			
Intangible assets	384.6	383.8	387.8
Fixed assets	18.7	5.3	5.0
Non-current financial assets	0.0	0.0	0.0
Deferred tax asset	0.4	0.2	0.4
<b>Total non-current assets</b>	<b>403.7</b>	<b>389.4</b>	<b>393.3</b>
<i>Current assets</i>			
Trade receivables	150.5	132.4	103.3
Other current receivables	6.0	7.0	5.0
Cash and short-term deposits	25.6	7.5	33.5
<b>Total current assets</b>	<b>182.1</b>	<b>147.0</b>	<b>141.7</b>
<b>Total assets</b>	<b>585.8</b>	<b>536.3</b>	<b>535.0</b>

**IFRS 16 Leases:** Lease contracts for office premises classified as fixed assets. The related liabilities classified as borrowings and current leasing liabilities.

**Receivables:** 31 March falling on a weekend in both 2019 and 2018 explains the high receivables, as most receivables are due the last day of the month

**Strong equity position** (66%) and low non-current liabilities reflect strong performance.

Provision for dividend of NOK 1.60 per share, as approved by the Annual General Meeting 8 May 2019, will be made in Q2 in accordance with IFRS

(Amounts in NOK million)

	31 Mar 2019	31 Dec 2018	31 Dec 2018
<b>EQUITY</b>			
Share capital	27.0	27.0	27.0
Treasury shares	-0.5	-0.6	-0.5
Share premium	154.2	149.8	154.0
Retained earnings	208.4	194.9	196.1
<b>Total equity</b>	<b>389.1</b>	<b>371.1</b>	<b>376.6</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Borrowings	9.7	-	-
Deferred tax	1.6	1.5	1.8
<b>Total non-current liabilities</b>	<b>11.3</b>	<b>1.5</b>	<b>1.8</b>
<i>Current liabilities</i>			
Debt to credit institutions	-	3.0	-
Current leasing liabilities	4.1	-	-
Trade and other payables	20.3	14.1	21.6
Tax payable	16.6	5.7	16.5
Dividends payable	-	-	-
Social taxes and VAT	58.5	61.4	53.7
Other short-term debt	86.0	79.5	64.9
<b>Total current liabilities</b>	<b>185.4</b>	<b>163.8</b>	<b>156.7</b>
<b>Total equity and liabilities</b>	<b>585.8</b>	<b>536.3</b>	<b>535.0</b>

# FINANCIAL REVIEW | CASH FLOW

(Amounts in NOK million)

	Q1 2019	Q1 1 Jan - 31 Dec 2018	2018
<b>Operating activities</b>			
Profit/(loss) before tax	19.8	22.9	73.5
Adjustments for:			
Depreciation of property, plant and equipment	2.2	0.6	2.9
Net change in trade and other receivables	-48.3	-10.3	20.9
Net change in other liabilities	24.5	17.7	2.8
Net foreign exchange differences	-0.2	-0.1	-0.2
Income tax expenses	-4.2	-7.0	-8.0
<b>Net cash flow from operating activities</b>	<b>-6.4</b>	<b>23.9</b>	<b>91.9</b>
<b>Investing activities</b>			
Payments for R&D initiative	-	-1.0	-2.8
Purchase of property and equipment	-0.5	-0.7	-2.7
<b>Net cash flow from investing activities</b>	<b>-0.5</b>	<b>-1.7</b>	<b>-5.5</b>
<b>Financing activities</b>			
Repayment of borrowings	-1.3	-	-
Change in bank overdraft	-	-21.3	-24.3
Payment of dividends	-	-	-39.5
Sale of treasury shares	0.3	-	4.3
<b>Net cash flows from financing activities</b>	<b>-1.1</b>	<b>-21.3</b>	<b>-59.6</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-7.9</b>	<b>1.0</b>	<b>26.9</b>
Cash and cash equivalents at 1 January	33.5	6.6	6.6
<b>Cash and cash equivalents at end of period</b>	<b>25.6</b>	<b>7.5</b>	<b>33.5</b>

- Cash balance reduction mainly explained by calendar effects related to which weekday receivables are falling due
- Cash balance of NOK 25.6 m 31 Mar 2019 (NOK 7.5 m)

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# OUTLOOK

## A SUSTAINED STRONG MARKET

Continued **high demand** for IT expertise

- Digitalisation is a growth driver
- Competitive recruitment market
- Capacity expected to decrease slightly in Q2 compared to Q1
- H1 2019 revenues expected to be more or less in line with H1 2018

Four focus areas to **enable future growth**

- **Retain and recruit:** Measures initiated to retain employees and strengthen recruitment capacity in a highly competitive environment
- **Geographical expansion:** Leverage new geographic expansions to further accelerate organic growth
- **M&A:** Pursue inorganic growth opportunities and continue searching for high quality M&A-targets
- **Partnerships:** Strengthen the partnerships with world-leading technology platforms to increase relevance as employer and service provider

Overall long-term ambition unchanged; profitable growth and EBITDA margin above the average market levels

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# APPENDIX

# EFFECTS OF IMPLEMENTATION OF IFRS 16 LEASING

*Amounts in NOK thousand*

	IFRS 16	IAS 17	
	Q1 2019	Q1 2019	Q1 2018
Operating revenues	184 432	184 432	174 865
Operating expenses (excluding depreciation and amortisation)	162 089	163 322	150 933
<b>EBITDA</b>	<b>22 343</b>	<b>21 110</b>	<b>23 932</b>
Depreciation and impairment	2 158	1 016	632
<b>EBIT</b>	<b>20 186</b>	<b>20 094</b>	<b>23 300</b>
Net financial items	-435	-344	-400
<b>Profit before tax</b>	<b>19 750</b>	<b>19 750</b>	<b>22 900</b>

	IFRS 16	IAS 17	
	31 Mar 19	31 Mar 19	31 Dec 18
Fixed assets	18 678	4 871	5 011
Borrowings	9 662	-	-
Current leasing liabilities	4 144	-	-
 Total assets/Total equity and liabilities	 585 844	 572 038	 535 023
Total equity	389 099	389 099	376 574
Equity ratio	66 %	68 %	70 %

# FINANCIAL REVIEW | SEGMENTS

## Norway

(Amounts in NOK million)

	Q1 2019	Q1 2018	FY 2018
Sales revenues	161.6	147.7	570.3
EBITDA <sup>1)</sup>	21.4	21.9	75.3
EBITDA margin <sup>1)</sup>	13.2 %	14.8 %	13.2 %
EBITDA with former principles for leasing <sup>1)</sup>	20.5	21.9	75.3
EBITDA margin with former principles for leasing <sup>1)</sup>	12.7 %	14.8 %	13.2 %
Number of employees, average (FTE)	339	356	348
Number of employees, end of period	341	358	334
Number of work days, Norway (excl. vacation)	63	62	249
EBITDA per average employee <sup>1)</sup> (NOK thousand)	63.0	61.6	216.6

<sup>1)</sup> See note 12 for alternative performance measures.

# FINANCIAL REVIEW | SEGMENTS

## Sweden

(Amounts in NOK million)

	Q1 2019	Q1 2018	FY 2018
Sales revenues	22.8	27.2	92.8
EBITDA <sup>1)</sup>	1.0	2.0	3.5
EBITDA margin <sup>1)</sup>	4.3 %	7.4 %	3.7 %
EBITDA with former principles for leasing <sup>1)</sup>	0.6	2.0	3.5
EBITDA margin with former principles for leasing <sup>1)</sup>	2.5 %	7.4 %	3.7 %
Number of employees, average (FTE)	60	61	59
Number of employees, end of period	60	58	60
Number of work days, Sweden (excl. vacation)	63	63	251
EBITDA per average employee <sup>1)</sup> (NOK thousand)	16.3	32.9	58.7

<sup>1)</sup> See note 12 for alternative performance measures.

# FINANCIAL REVIEW | EQUITY CHANGES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

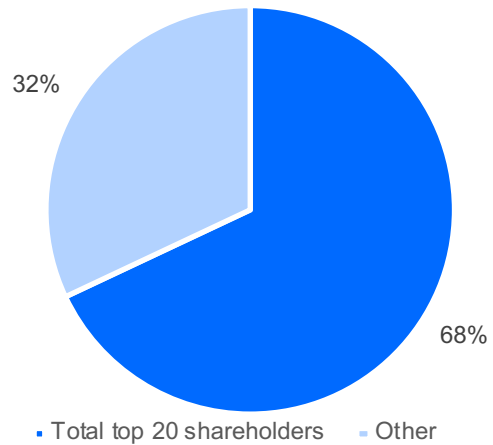
<i>(Amounts in NOK 1000)</i>	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity owners parents	Non-controlling interest	Total equity
<b>At 1 January 2018</b>	26 967	(610)	149 823	12 391	169 167	357 738	-	<b>357 738</b>
Profit for the period	-	-	-	-	56 220	56 220	-	<b>56 220</b>
Sales of treasury shares	-	124	3 020	-	-	3 144	-	<b>3 144</b>
Other comprehensive income/(loss)	-	-	-	(2 109)	-	(2 109)	-	<b>(2 109)</b>
Share incentive program	-	-	1 117	-	-	1 117	-	<b>1 117</b>
Other comprehensive income/(loss)	-	-	-	-	-	-	-	<b>-</b>
Dividends	-	-	-	-	(39 535)	(39 535)	-	<b>(39 535)</b>
<b>At 31 December 2018</b>	26 967	(486)	153 960	10 282	185 851	376 575	-	<b>376 575</b>
Profit for the period	-	-	-	-	15 409	15 409	-	<b>15 409</b>
Sales treasury shares	-	-	-	-	-	-	-	<b>-</b>
Other comprehensive income/(loss)	-	-	-	(3 163)	-	(3 163)	-	<b>(3 163)</b>
Share incentive program	-	-	279	-	-	279	-	<b>279</b>
Dividends	-	-	-	-	-	-	-	<b>-</b>
<b>At 31 March 2019</b>	26 967	(486)	154 239	7 119	201 260	389 099	-	<b>389 099</b>

# TOP 20 SHAREHOLDERS | AT 15 MAY 2019

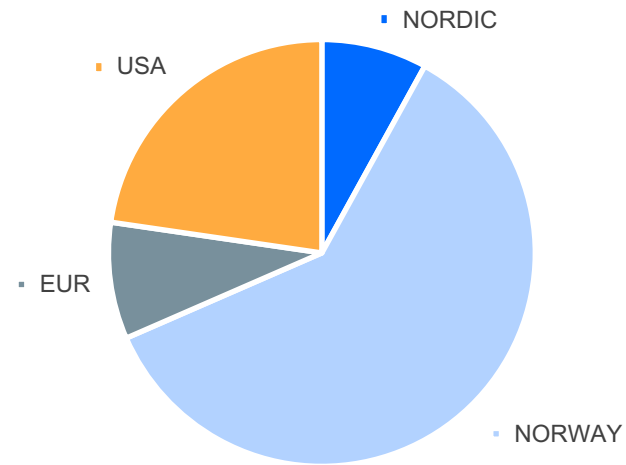
Shareholder name	Shares	%	Type	Country
ARCTIC SECURITIES AS	3 844 255	14,3	Broker	Norway
Virtus KAR International Small-Cap	3 831 491	14,2	Ordinary	United States
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 556 645	5,8	Ordinary	Norway
HNDLSBKN NORDISKA SMABOLAGSFOND	1 000 180	3,7	Ordinary	Sweden
COLINA INVEST AS	839 080	3,1	Ordinary	Norway
PARK LANE FAMILY OFFICE AS	825 000	3,1	Ordinary	Norway
Goldman Sachs International	783 058	2,9	Nominee	United Kingdom
VERDIPAPIRFONDET NORDEA NORGE VERD	685 000	2,5	Ordinary	Norway
SOLE ACTIVE AS	551 046	2,0	Ordinary	Norway
Danske Invest Norge Vekst	542 000	2,0	Ordinary	Norway
WEBSTEP ASA	486 427	1,8	Ordinary	Norway
Taaleri Nordic Value Equity Fund	470 000	1,7	Ordinary	Finland
Citibank, N.A.	438 491	1,6	Nominee	Ireland
SEB PRIME SOLUTIONS CARN Long Shor	400 000	1,5	Ordinary	Luxembourg
NWT MEDIA AS	390 000	1,4	Ordinary	Norway
ILLARI AS	359 218	1,3	Ordinary	Norway
SALT VALUE AS	358 130	1,3	Ordinary	Norway
DnB NOR Bank ASA	348 000	1,3	Ordinary	Norway
EMPLOYEES RETIR SYSTEM OF TEXAS	330 500	1,2	Ordinary	United States
VIOLA AS	300 000	1,1	Ordinary	Norway
<b>Total top 20 shareholders</b>	<b>18 338 521</b>	<b>68,0</b>		
Other	8 628 496	32,0		
<b>Total shares outstanding</b>	<b>26 967 017</b>	<b>100,0</b>		

# TOP 20 SHAREHOLDERS | SHARE OF TOTAL | BY GEOGRAPHY

Top 20 shareholders at 15 May 2019



Top 20 shareholders by geography, 15 May 2019



# ENABLING FUTURE GROWTH   MEETING TODAY'S DEMAND

