

Q3 2017

PRESENTATION

Webstep ASA

OSLO, 16 NOVEMBER 2017

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Anders Løken, CFO



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

Q3 HIGHLIGHTS

- Stable revenue growth (+4.9%) and high demand for core services
- EBITDA impacted by slightly lower utilisation
- Attracting talent: 27 experienced experts signed, adding new capacity in Q4 and Q1
- Strong market fundamentals for future growth



MEETING TODAY'S DEMAND ENABLING FUTURE GROWTH

CORE SERVICES

Digitisation

The Cloud

Integration

~85-90%
of total revenues

Focus :
Increase capacity
to meet high demand

NEW SERVICES

Internet of Things

Analytics

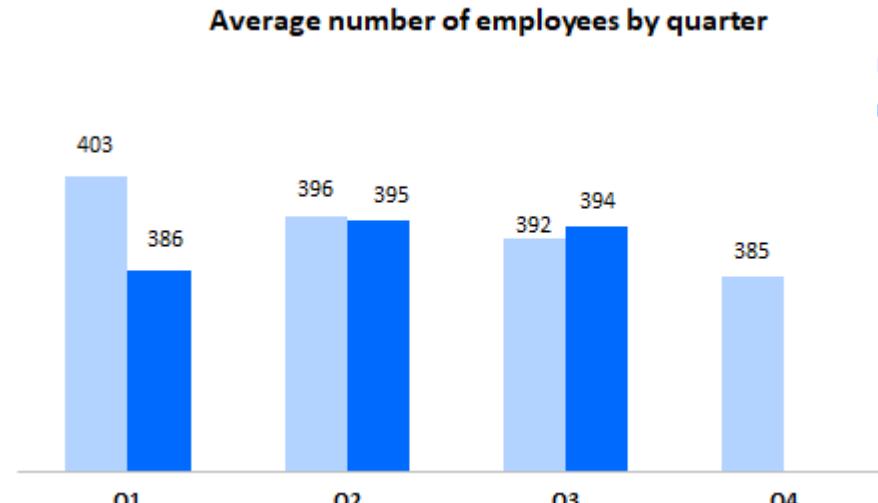
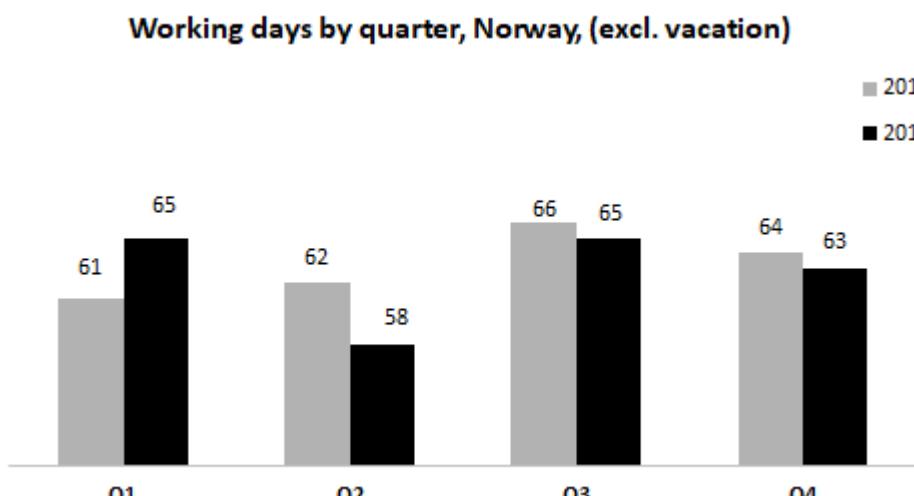
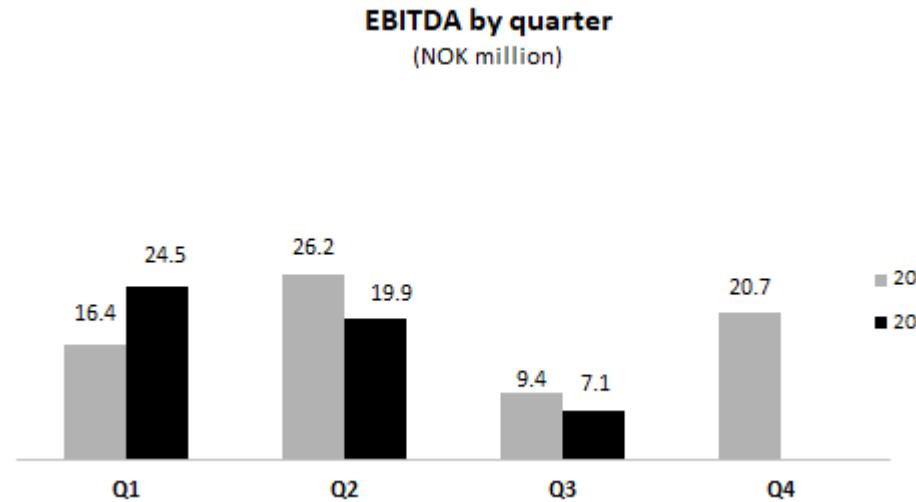
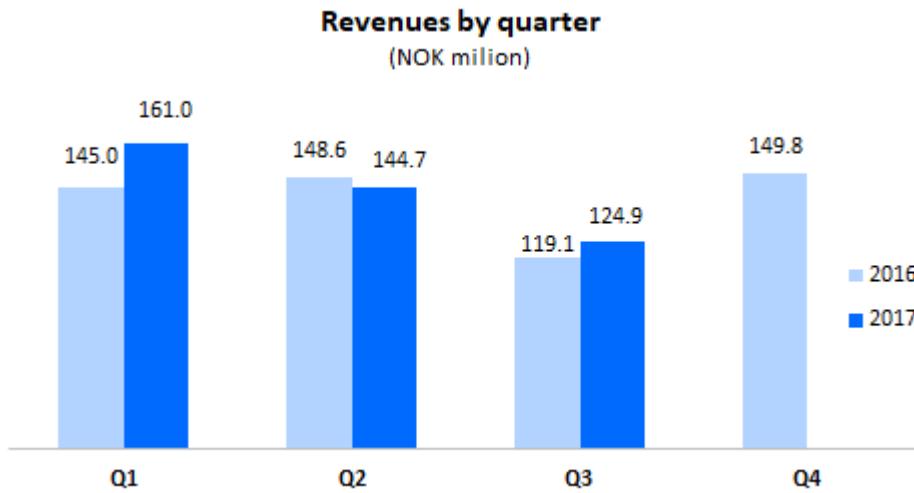
Machine learning

~10-15%
of total revenues

Focus:
Invest in
expertise and capacity

CAPACITY AND SEASONALITY

KEY VALUE DRIVERS



Capacity + hourly rates:

- Main revenue drivers in times of high demand

Key capacity drivers:

- Working days
- Project practice during holidays
- Number of employees

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BUSINESS REVIEW

MARKET AND CUSTOMERS

- The digitalisation wave drives market growth
- Strong demand for core services
 - In a broad range of sectors
 - In all geographic locations
 - Increasing demand for Cloud Services
- Longer sales processes for strategic new services
- Continued long-lasting customer relations
 - Existing customers extends contracts and initiates new projects
- Strong position in Public sector, new frame agreements won
- The expert profile pays off: Continued positive development in hourly rates



BUSINESS REVIEW

EMPLOYEES AND ORGANISATION

- A highly competitive market for IT experts
- Very successful recruitment program in Norway
 - Adding delivery capacity going forward
 - Still recruiting only experienced experts
- Increased focus on Cloud Services
- Continued focus on employee growth in Sweden
 - Main growth potential in Stockholm



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FINANCIAL REVIEW

INCOME STATEMENT

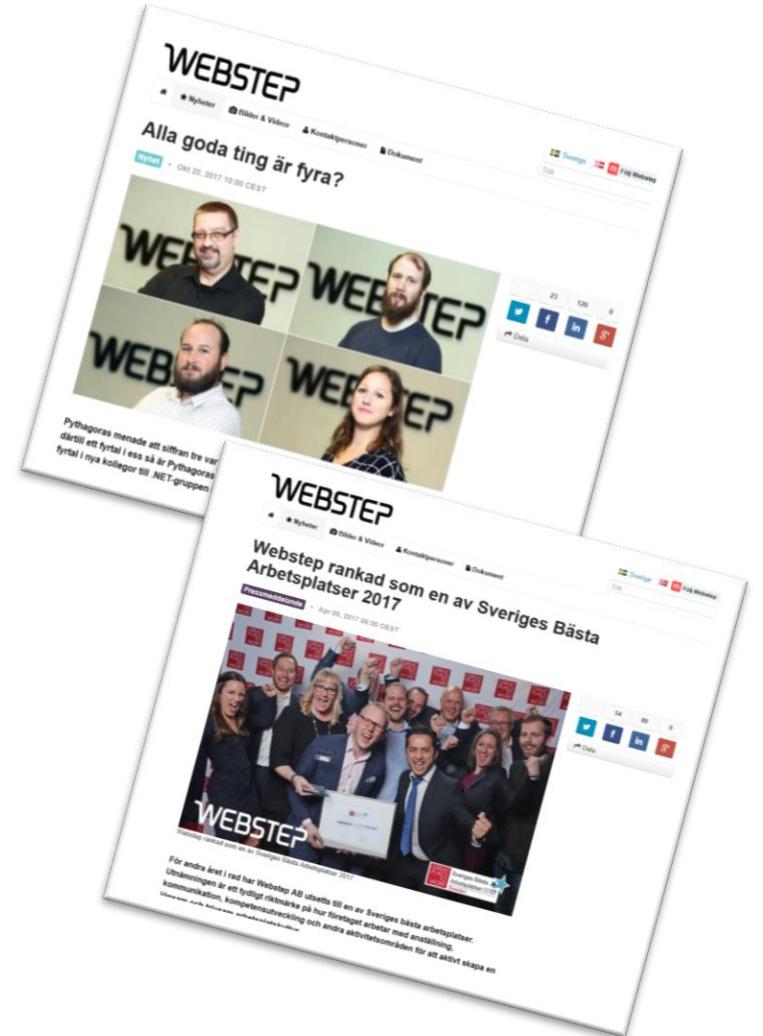
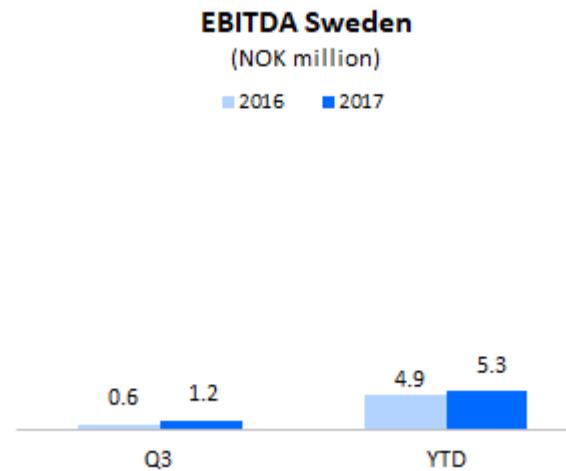
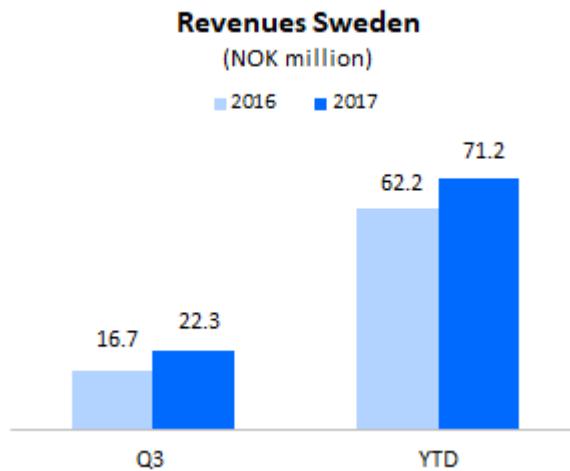
| (Amounts in NOK million) | Q3 | Q3 | % | Q3 YTD | Q3 YTD | % |
|-------------------------------|--------------|--------------|----------------|--------------|--------------|---------------|
| | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Total revenues | 124.9 | 119.1 | 4.9 % | 430.6 | 412.6 | 4.4 % |
| Cost of services and goods | 11.0 | 6.3 | | 32.7 | 23.9 | |
| Salaries and personell cost | 98.3 | 95.3 | | 319.9 | 309.9 | |
| Other operating expenses | 8.5 | 8.0 | | 26.5 | 26.9 | |
| EBITDA | 7.1 | 9.4 | -24.5 % | 51.5 | 52.0 | -1.0 % |
| EBITDA margin | 5.7 % | 7.9 % | | 12.0 % | 12.6 % | |
| Depreciation and amortisation | 2.2 | 2.1 | | 6.4 | 8.5 | |
| EBIT | 4.9 | 7.3 | -33.2 % | 45.1 | 43.5 | 3.7 % |
| EBIT margin | 3.9 % | 6.2 % | | 10.5 % | 10.5 % | |
| Net financial items | -2.0 | -2.9 | | -6.3 | -8.0 | |
| Profit before tax | 5.1 | 6.5 | -21.0 % | 45.2 | 44.0 | 2.7 % |
| Income tax expenses | 0.7 | 1.9 | | 9.3 | 8.9 | |
| Profit for the period | 4.4 | 4.6 | -3.6 % | 35.9 | 35.1 | 2.2 % |

FINANCIAL REVIEW

SEGMENTS: SWEDEN

Improvement efforts are paying off

- Improved utilisation and strong client development
- Increased hourly rates
- Building new client relations: Strategic use of subcontractors

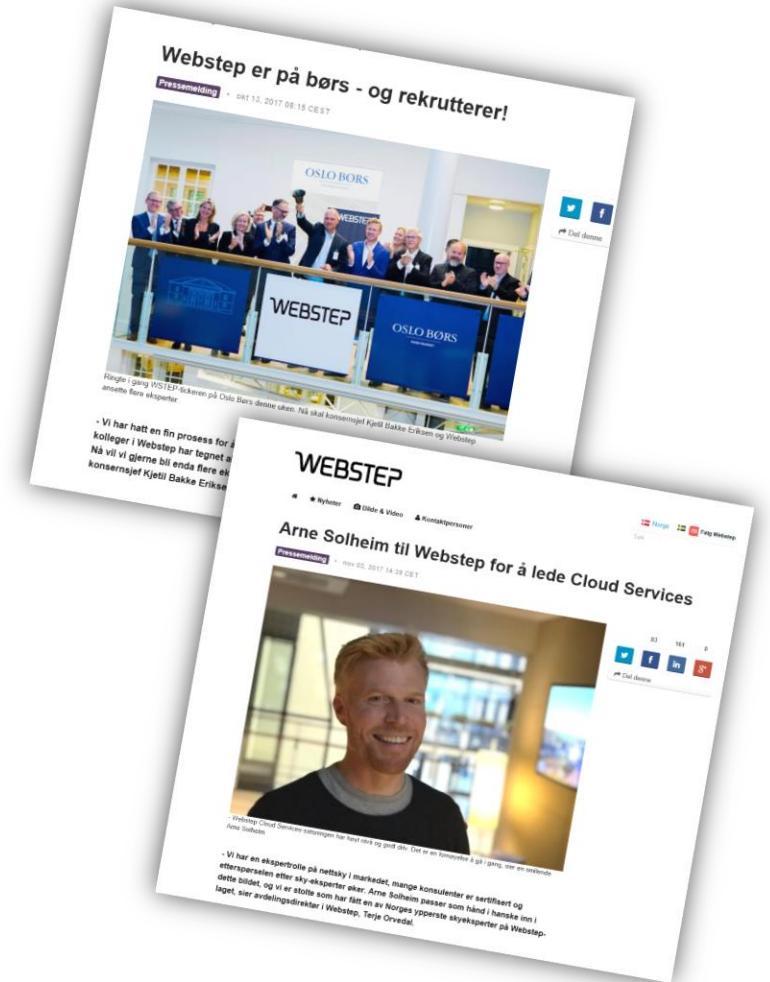
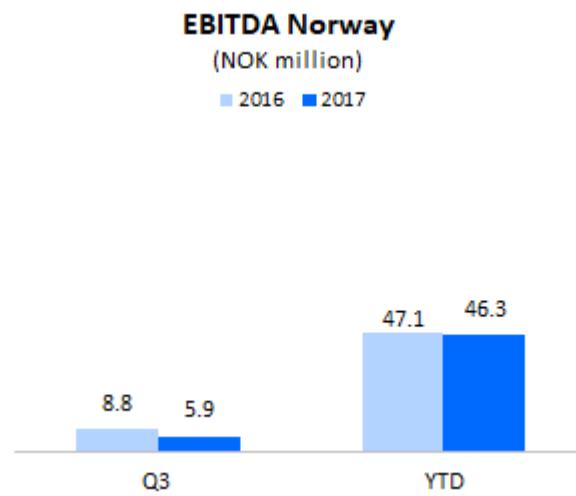
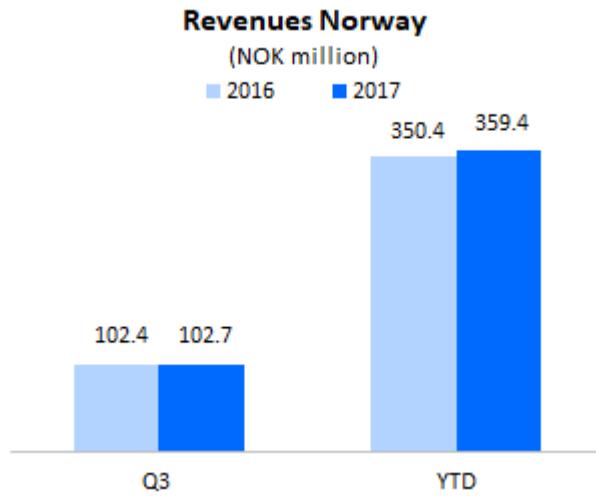


FINANCIAL REVIEW

SEGMENTS: NORWAY

Adding growth capacity

- Strong utilisation within Core Services
- Increased hourly rates
- High onboarding activity with slightly lower utilisation in Q3



FINANCIAL REVIEW

A CAPITAL EFFICIENT BUSINESS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK million)

| | 30 September 2017 | 2016 | Full year 2016 | 30 September 2017 | 2016 | Full year 2016 |
|---------------------------------|----------------------|--------------|-------------------|--------------------------|--------------|-------------------|
| ASSETS | | | | | | |
| <i>Non-current assets</i> | | | | EQUITY | | |
| Intangible assets | 381.7 | 385.3 | 385.0 | Share capital | 21.3 | 20.1 |
| Fixed assets | 5.4 | 3.8 | 2.7 | Treasury shares | -0.6 | -0.6 |
| Non-current financial assets | 4.5 | 0.0 | 2.7 | Share premium | 32.1 | 136.0 |
| Deferred tax asset | 0.3 | 0.4 | 0.3 | Retained earnings | 175.3 | 30.4 |
| Total non-current assets | 392.0 | 389.5 | 390.7 | Non-controlling interest | - | - |
| <i>Current assets</i> | | | | Total equity | 228.0 | 186.0 |
| Trade receivables | 128.8 | 90.4 | 82.6 | | | |
| Other current receivables | 7.3 | 3.2 | 4.1 | | | |
| Cash and short-term deposits | 1.8 | 24.1 | 80.3 | | | |
| Total current assets | 137.9 | 117.7 | 167.1 | | | |
| Total assets | 529.8 | 507.2 | 557.8 | | | |

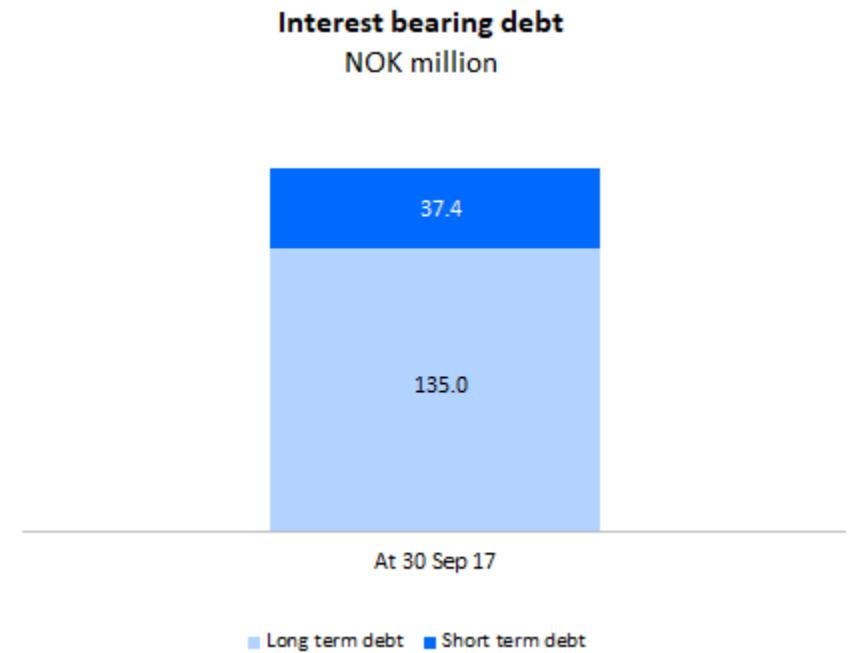
| |
|--|
| • Significant balance sheet changes post IPO |
| • Some of the items at 30 Sept need explanation |
| <ul style="list-style-type: none"> Increase in receivables, decrease in cash Composition of intangibles Interest bearing debt |

| | | | |
|--------------------------------------|--------------|--------------|--------------|
| LIABILITIES | | | |
| <i>Non-current liabilities</i> | | | |
| Borrowings | 135.0 | 170.0 | 161.3 |
| Deferred tax | 2.6 | 2.7 | 3.6 |
| Total non-current liabilities | 137.6 | 172.7 | 164.8 |
| <i>Debt to credit institutions</i> | | | |
| Trade and other payables | 9.7 | 5.9 | 10.6 |
| Tax payable | 14.8 | 11.6 | 15.7 |
| Dividends payable | - | - | - |
| Social taxes and VAT | 40.1 | 42.0 | 48.9 |
| Other short-term debt | 62.2 | 59.1 | 60.8 |
| Total current liabilities | 164.2 | 148.5 | 196.0 |
| Total equity and liabilities | 529.8 | 507.2 | 557.8 |

FINANCIAL REVIEW

CREDIT FACILITIES AND LIQUIDITY

- Significantly stronger financial position post quarter end (post IPO)
- Net proceeds used to partly repay long term loan (October)
- New, NOK 110 million revolving credit facility in place
- Remainder of long term loan (NOK 55 million) converted to the RCF



FINANCIAL REVIEW

CASH FLOW

(Amounts in NOK million)

| | Q3 YTD 2017 | Q3 YTD 2016 | Full year 2016 |
|---|----------------|----------------|-------------------|
| Operating activities | | | |
| Profit/(loss) before tax | 38.8 | 35.5 | 54.6 |
| Adjustments for: | - | - | - |
| Depreciation of property, plant and equipment | 6.4 | 8.5 | 10.6 |
| Net change in trade and other receivables | -51.1 | -6.9 | -2.7 |
| Net change in other liabilities | -8.3 | -10.7 | 2.7 |
| Net foreign exchange differences | -0.5 | 1.0 | 0.6 |
| Income tax expenses | -10.9 | -14.2 | -15.2 |
| Net cash flow from operating activities | -25.6 | 13.2 | 50.5 |
| Investing activities | | | |
| Purchase of property and equipment | -4.1 | -2.3 | -1.7 |
| Net cash flow from investing activities | -4.1 | -2.3 | -1.7 |
| Financing activities | | | |
| Proceeds from borrowings | - | 200.0 | 200.0 |
| Réparation of borrowings | -48.9 | -80.8 | -62.4 |
| Net proceeds from equity | - | - | - |
| Purchase of treasury shares | - | -0.1 | -0.1 |
| Payment of dividends | - | -173.7 | -173.7 |
| Payment of seller credit | - | - | - |
| Unrealized value of financial instruments | - | - | - |
| Net cash flows from financing activities | -48.9 | -54.6 | -36.2 |
| Net increase/(decrease) in cash and cash equivalents | -78.5 | -43.7 | 12.6 |
| Cash and cash equivalents at 1 January | 80.3 | 67.8 | 67.8 |
| Cash and cash equivalents at end of period | 1.8 | 24.1 | 80.3 |

- Changes in cash flows from same period **2016 to be seen in context with previous slide**
- Negative impact on cash flow due to **increase in receivables** as explained (see Appendix)
- **NOK 38 million payments from customers received 3 October**

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OUTLOOK

STRONG MARKET FUNDAMENTALS

- **Robust outlook** driven by high digitalisation activity
- **High demand** for the core services - digitisation, cloud and integration - **expected to continue**
- **Moving towards high-end position** as strategic advisor within Cloud services
- New services, defined as IoT, Machine Learning and Analytics, expected to be **important growth areas, but still in early phase**



OUTLOOK

INVESTING IN GROWTH CAPACITY

- Significant **non-recurring costs** in Q4
 - IPO and one-off costs related to recruitment incentive program
- Continuous **recruitment of experienced IT experts**
- Investments in **new services** highly prioritized
 - Expect short term lower utilisation of experts within new services
- Growth in number of employees **will increase revenue capacity from Q4.**
 - Main revenue impact expected from Q1/18
- **Over all ambition unchanged; profitable growth and EBITDA margin above the average market levels**



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APPENDIX

FINANCIAL REVIEW

SEGMENTS

Sweden

(Amounts in NOK million)

| | Q3 2017 | Q3 2016 | YTD 2017 | YTD 2016 | FY 2016 |
|--|---------|---------|----------|----------|---------|
| Sales revenues | 22.3 | 16.7 | 71.2 | 62.2 | 84.0 |
| EBITDA | 1.2 | 0.6 | 5.3 | 4.9 | 5.3 |
| EBITDA margin | 5.3 % | 3.8 % | 7.4 % | 7.9 % | 6.2 % |
| EBITDA per average employee | 0.02 | 0.01 | 0.08 | 0.07 | 0.08 |
| Number of employees, average | 65 | 65 | 64 | 66 | 65 |
| Number of employees, end of period | 65 | 64 | 65 | 64 | 61 |
| Number of work days, Sweden (excl. vacation) | 65 | 66 | 188 | 189 | 253 |

FINANCIAL REVIEW

SEGMENTS

Norway

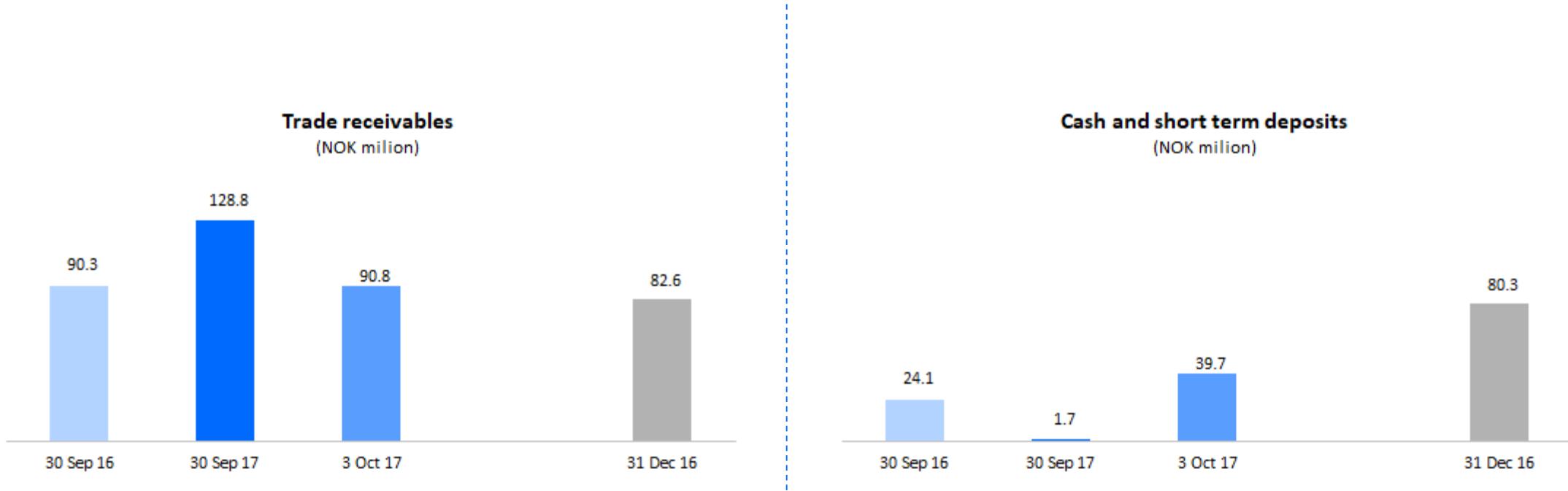
(Amounts in NOK million)

| | Q3 2017 | Q3 2016 | YTD 2017 | YTD 2016 | FY 2016 |
|--|--------------|---------|---------------|----------|---------|
| Sales revenues | 102.7 | 102.4 | 359.4 | 350.4 | 478.5 |
| EBITDA | 5.9 | 8.8 | 46.3 | 47.1 | 67.5 |
| EBITDA margin | 5.8 % | 8.6 % | 12.9 % | 13.4 % | 14.1 % |
| EBITDA per average employee | 0.02 | 0.03 | 0.14 | 0.14 | 0.21 |
| Number of employees, average | 329 | 327 | 328 | 331 | 329 |
| Number of employees, end of period | 328 | 325 | 328 | 325 | 323 |
| Number of work days, Norway (excl. vacation) | 65 | 66 | 189 | 189 | 252 |

FINANCIAL REVIEW | CASH & RECEIVABLES

WHEN QUARTER END FALLS ON A SATURDAY ...

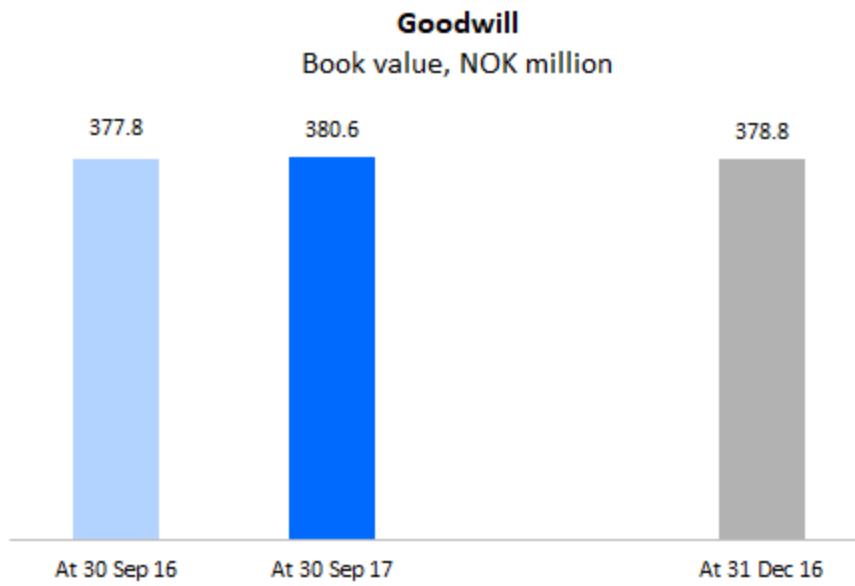
- Monthly invoicing and 30 days net. Mont end therefore due date for most payments
- When due date falls on Saturday/Sunday, customers normally dont pay until Monday...



FINANCIAL POSITION

INTANGIBLE ASSETS

- Mainly goodwill and customer relationships arisen from acquisitions of Webstep Norway AS in 2011 and Webstep Sweden AB in 2012



FINANCIAL REVIEW

EQUITY CHANGES

| (Amounts in NOK million) | Issued capital | Treasury shares | Share premium | Foreign currency translation reserve | Total attributable to equity owners | | | Non-controlling interest | Total equity |
|-----------------------------------|----------------|-----------------|---------------|--------------------------------------|-------------------------------------|--------------|-------------|--------------------------|--------------|
| | | | | | Retained earnings | parents | parents | | |
| At 1 January 2016 | 20.1 | -0.6 | 181.0 | 15.3 | 110.2 | 326.1 | 10.6 | 336.6 | |
| Profit for the period | - | - | - | - | 35.1 | 35.1 | - | 35.1 | |
| Other comprehensive income/(loss) | - | - | - | -3.4 | - | -3.4 | - | -3.4 | |
| Net purchase of treasury shares | - | -0.0 | - | - | 0.3 | 0.3 | -1.0 | -0.7 | |
| Restructuring of sub-group | 1.1 | - | 21.1 | - | -12.6 | 9.6 | -9.6 | - | |
| Dividends to NCI | - | - | - | - | -3.1 | -3.1 | - | -3.1 | |
| Dividends | - | - | -170.0 | - | - | -170.0 | - | -170.0 | |
| At 30 September 2016 | 21.3 | -0.6 | 32.1 | 11.8 | 129.9 | 194.5 | 0.0 | 194.5 | |
| Profit for the period | - | - | - | - | -35.1 | -35.1 | - | -35.1 | |
| Other comprehensive income/(loss) | - | - | - | -3.0 | - | -3.0 | - | -3.0 | |
| At 31 December 2016 | 21.3 | -0.6 | 32.1 | 8.8 | 94.8 | 156.4 | 0.0 | 156.4 | |
| Profit for the period | - | - | - | - | 35.9 | 35.9 | - | 35.9 | |
| Other comprehensive income/(loss) | - | - | - | 1.6 | - | 1.6 | - | 1.6 | |
| At 30 September 2017 | 21.3 | -0.6 | 32.1 | 0.0 | 10.5 | 130.7 | 0.0 | 193.9 | |

FINANCIAL REVIEW

TOP 20 SHAREHOLDERS AT 13 NOV 2017

| # | Shareholder name | Shares | % | Type | Country |
|----------------------------------|--|-------------------|--------------|------|---------|
| 1 | Reiten & Co Capital | 3 125 629 | 11.91 | | GBR |
| 2 | Virtus KAR Internati The Bank of New York | 2 566 800 | 9.78 | | USA |
| 3 | Verdipapirfondet ALF | 1 490 037 | 5.68 | | NOR |
| 4 | JPMorgan Chase Bank, JPMCB RE HB SWED FUN | 1 142 000 | 4.35 | NOM | SWE |
| 5 | Colina Invest AS | 839 080 | 3.20 | | NOR |
| 6 | VPF Nordea Norge Ver C/O JP Morgan Europe | 685 000 | 2.61 | | NOR |
| 7 | Nordea Nordic Small | 671 311 | 2.56 | | FIN |
| 8 | Azure Holding AS (Webstep ASA treasury shares) | 610 301 | 2.33 | | NOR |
| 9 | Goldman Sachs Intern Security client segr | 600 000 | 2.29 | NOM | GBR |
| 10 | Park Lane Family Office | 600 000 | 2.29 | | NOR |
| 11 | Xerxes AS | 540 000 | 2.06 | | NOR |
| 12 | Svenska Handelsbanke C/O Handelsbanken AS | 460 040 | 1.75 | NOM | FIN |
| 13 | SEB Prime solutions | 400 000 | 1.52 | | LUX |
| 14 | DnB NOR Bank ASA Egenehandelskonto | 400 000 | 1.52 | | NOR |
| 15 | NWT Media AS c/o Thommessen AS | 390 000 | 1.49 | | NOR |
| 16 | Illari AS | 387 268 | 1.48 | | NOR |
| 17 | Danske Invest Norge | 342 000 | 1.30 | | NOR |
| 18 | Danske Bank A/S 3887 Ooperations sec | 340 576 | 1.30 | NOM | DNK |
| 19 | Citibank, N.A. S/A Mut FD EQ Nordic | 338 348 | 1.29 | NOM | FIN |
| 20 | Pricia AS | 270 320 | 1.03 | | NOR |
| Total top 20 shareholders | | 16 198 710 | 61.74 | | |