

Q2
2018
PRESENTATION

Webstep ASA

OSLO, 15 AUG 2018

Kjetil Eriksen, CEO
Anders Løken, CFO



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

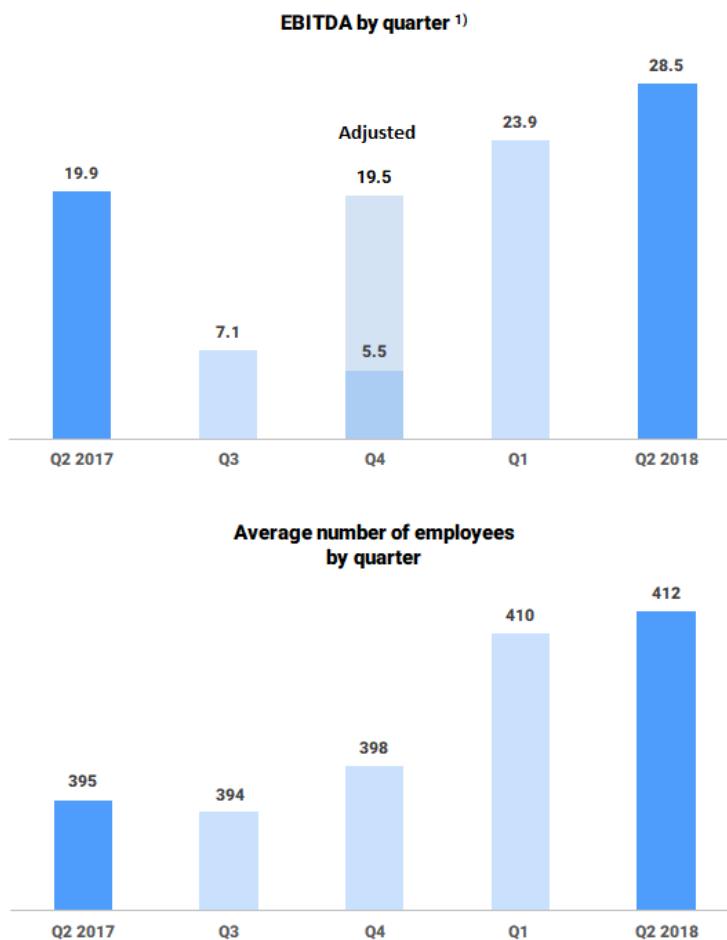
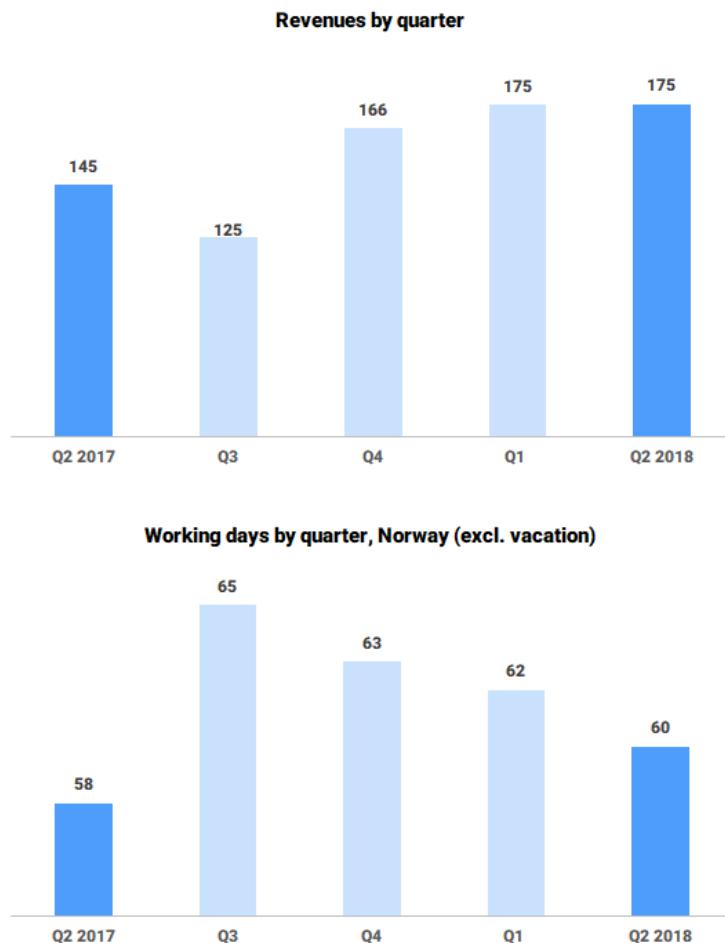
Q2 HIGHLIGHTS

- Double digit revenue growth
 - Q2: NOK 174.9m (+21%)
 - YTD: NOK 349.8m (+14%)
- Strong EBITDA development
 - Q2: NOK 28.5m (+43%)
 - YTD: NOK 52.4m (+18%)
- Continued high utilisation and increased rates driven by high demand
- Solid order book and growing demand for a broader range of services

Numbers in brackets refer to the corresponding period in 2017



CAPACITY AND SEASONALITY KEY VALUE DRIVERS



Highlights Q2

- Higher capacity
- Higher rates
- High utilisation

Other comments:

- Q2: Two more working days than last year
- H1: One working day less than last year

¹⁾ IPO costs and other non-recurring items of NOK 14 million recorded in Q4 2017

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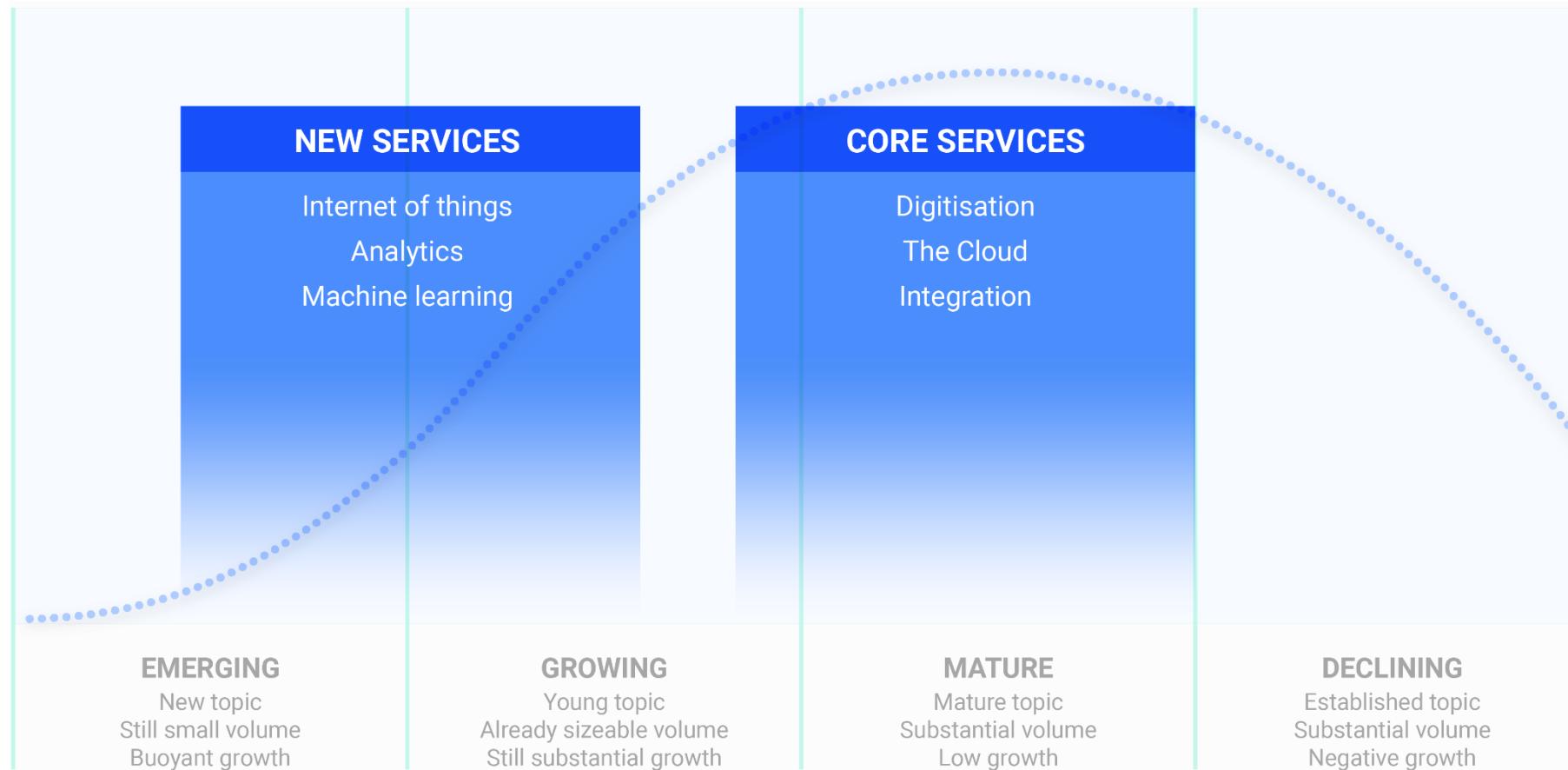
BUSINESS REVIEW

MARKET AND SERVICES

- Continued **favourable market** situation
 - High order intake and backlog
 - High demand for core digitalisation and cloud services.
 - Also increased demand for New Services like machine learning, AI, Robotic Process Automation and IoT
- Enabling growth through **wider range of services**
 - The complete service offering currently not delivered at all locations
 - Centres of Excellence (CoE) established to support and enhance sales, delivery, recruitment and competence development
 - Amazon partnership also creates opportunities for a wider range of deliveries



ENABLING FUTURE GROWTH MEETING TODAY'S DEMAND



BUSINESS REVIEW

Posten Norge: Frame agreement as digital innovation partner



Posten Norge has experienced a dramatic change in the competitive landscape in the recent years

- Service and product development through digitalization will be crucial in the future
- As one of three suppliers, Webstep has won a frame agreement on Digital Innovation
- Purpose: Ensure increased customer orientation and simplification through digital innovation.
- Deliveries within the frame agreement have already started

BUSINESS REVIEW

Altibox: Streaming of TV



Altibox is in the middle of a revolution in distribution of media content for its customers

- Crucial to be able to deliver services in all digital channels
- Facilitating for distribution via Apple TV has been challenging
- Webstep has assisted with its expertise in consulting and in the implementation of Altibox's Apple TV app

BUSINESS REVIEW

Piscada/GK Cloud: Building automation made easy



– for et bedre miljø

Piscada/GK Cloud: “breakdown based” maintenance replaced by need-controlled and predictive maintenance through data analytics

- IoT platform for gathering information from sensors
- Surveillance and monitoring via mobile and tablet platforms
- Webstep has been a key resource in the development of the IoT platform and the GK cloud solution over time

BUSINESS REVIEW

TINE: Digitalisation of the farming industry



TINE sees a future where collected data from agriculture, properly utilized, will serve farmers across the world with digital solutions for more efficient and environmentally friendly food production

- Great profit opportunities for farmers/owners and their partners. Modern IT solutions are necessary to realize this vision
- Webstep moves solutions into a modern cloud-based architecture to achieve faster development and to ensure efficiently scalable and secure solutions
- Webstep partnerships with and knowledge about Amazon Cloud have been crucial for assisting Tine in realizing its vision
- Tine and Felleskjøpet Agri have created a joint venture company to enable the digitalisation of the farming industry

BUSINESS REVIEW

EMPLOYEES AND ORGANISATION

- **Increased capacity** enabled high growth in H1
 - Still recruiting solely experienced experts
- **Attractive markets** drive change
 - High churn at one department in Oslo, replacement initiatives ongoing
 - Consequently, growth in H2 expected to be lower than H1 2018
 - No significant long term impact expected
- **Well positioned** to add further capacity
 - Fierce competition and time consuming recruitment, but Webstep acknowledged as attractive employer
 - Centres of Excellence (CoE) within cloud and New Services has strengthened the ability to retain and attract employees
 - Initial CoE's located in Norway. Positive effects now rise in Sweden



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FINANCIAL REVIEW | PROFITABLE REVENUE GROWTH

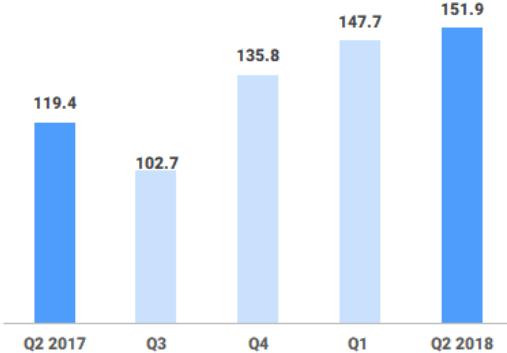
(Amounts in NOK million)	Q2 2018	Q2 2017	% Change	Q2 YTD 2018	Q2 YTD 2017	% Change	Comments:
Total revenues	174.9	144.7	20.9 %	349.8	305.7	14.4 %	
Cost of services and goods	15.0	11.1		32.3	21.7		
Salaries and personell cost	119.6	103.9		244.3	221.6		
Other operating expenses	11.8	9.9		20.8	18.1		
EBITDA	28.5	19.9	43.4 %	52.4	44.4	18.0 %	
EBITDA margin	16.3 %	13.7 %		15.0 %	14.5 %		
Depreciation and amortisation	0.6	2.2		1.3	4.2		
EBIT	27.8	17.7	57.2 %	51.1	40.2	27.3 %	
EBIT margin	15.9 %	12.2 %		14.6 %	13.1 %		
Net financial items	-0.8	-2.5		-1.2	-4.3		
Profit before tax	27.1	15.2	78.6 %	50.0	35.9	39.3 %	
Income tax expenses	6.2	3.6		11.5	8.6		
Profit for the period	20.9	11.5	81.1 %	38.5	27.3	41.2 %	
Earnings per share (NOK)	0.79	0.56	41.9 %	1.5	1.3	10.6 %	
Earnings per share, fully diluted (NOK)	0.79	0.56					

FINANCIAL REVIEW | NORWAY

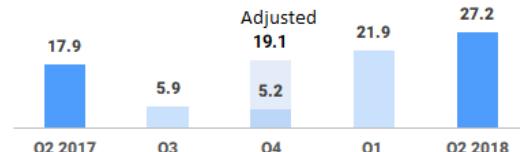
Summing up

- Revenue growth enabled by increased capacity, high utilisation and higher rates
- EBITDA improvement driven by the revenue growth, with higher rates and high utilisation
- Improved sales of New Services

Revenues by quarter



EBITDA by quarter



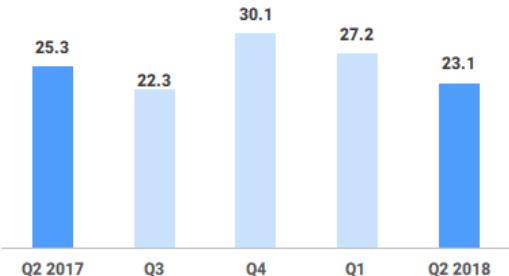
¹⁾ IPO costs and other non-recurring items of NOK 14 million recorded in Q4 2017.

FINANCIAL REVIEW | SWEDEN

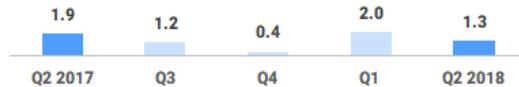
Summing up

- Revenues slightly down, due to lower capacity
- Continued strong focus on recruitment, but fierce competition about IT experts also in the Swedish market
- Margin level reflects use of subcontractors, enabling new client relations
- Customer-driven cross-border deliveries from Sweden to Norway

Revenues by quarter



EBITDA by quarter



FINANCIAL REVIEW | A CAPITAL EFFICIENT BUSINESS

(Amounts in NOK million)	30 June			Year end 2017	(Amounts in NOK million)	30 June			Year end 2017
	2018	2017	2017			2018	2017	2017	
EQUITY									
Share capital	27.0	21.3	27.0		ASSETS				
Treasury shares	-0.6	-0.6	-0.6		<i>Non-current assets</i>				
Share premium	150.4	32.1	149.8		Intangible assets				
Retained earnings	173.8	173.9	181.6		Fixed assets				
Non-controlling interest	-	-	-		Non-current financial assets				
Total equity	350.5	226.7	357.7		Deferred tax asset				
					Total non-current assets				
						387.8	393.1	392.5	
LIABILITIES									
<i>Non-current liabilities</i>									
Borrowings	-	146.3	-		<i>Current assets</i>				
Deferred tax	1.5	3.0	1.6		Trade receivables				
Total non-current liabilities	1.5	149.3	1.6		Other current receivables				
					Cash and short-term deposits				
					Total current assets				
						153.7	141.5	135.7	
Debt to credit institutions	43.8	31.3	24.3		Total assets				
Trade and other payables	13.6	10.7	16.7			541.5	534.6	528.3	
Tax payable	11.5	14.1	7.3						
Dividends payable	-	-	-						
Social taxes and VAT	65.0	50.3	49.3						
Other short-term debt	55.5	52.4	71.4						
Total current liabilities	189.5	158.7	168.9						
Total equity and liabilities	541.5	534.6	528.3						

- Strong equity position and low non-current liabilities**
 - Reflects the refinancing and capital issue post IPO
- Lower cash/higher receivables**
 - Receivables falling due on Saturday 30 June paid after balance date
 - Approx. NOK 44 million of due amount recorded as cash by 4 July
 - See appendix for details

FINANCIAL REVIEW | CASH FLOW

(Amounts in NOK million)

	Q2 YTD 2018	Q2 YTD 2017	Full year 2017
Operating activities			
Profit/(loss) before tax	50.0	35.9	40.4
Adjustments for:	-	-	-
Depreciation of property, plant and equipment	1.3	4.2	8.2
Net change in trade and other receivables	-18.0	-13.9	-40.9
Net change in other liabilities	-3.2	-7.0	17.0
Net foreign exchange differences	0.0	-0.1	0.7
Income tax expenses	-7.6	-10.8	-17.2
Net cash flow from operating activities	22.6	8.3	8.0
Investing activities			
Payments for R&D initiative	-1.4	-1.9	-3.6
Purchase of property and equipment	-1.2	-2.1	-4.5
Net cash flow from investing activities	-2.6	-4.1	-8.0
Financing activities			
Proceeds from borrowings	-	-	-
Repayment of borrowings	-	-15.0	-192.5
Change in bank overdraft	19.5	-28.7	-4.4
Net proceeds from equity	-	-	123.2
Payment of dividends	-39.5	-	-
Net cash flows from financing activities	-20.0	-43.7	-73.8
Net increase/(decrease) in cash and cash equivalents	-0.0	-39.5	-73.7
Cash and cash equivalents at 1 January	6.6	80.3	80.3
Cash and cash equivalents at end of period	6.6	40.8	6.6

- **Solid cash flow from operations**
- **Improved cash flow from financing activities, mainly attributable to the low debt level post IPO, offset by dividends paid in 2018.**

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OUTLOOK

UNCHANGED GROWTH AMBITIONS

- **Robust market outlook** and strong order backlog
 - Confirms good momentum
 - The high demand for digitisation, cloud and integration expected to continue
- Further strengthened **focus on employee retention and recruitment**
 - New market players and high demand for experienced staff
 - High churn at one department in Oslo, replacement initiatives ongoing
 - Consequently, growth in H2 expected to be lower than H1 2018
- Increasing sales of **Cloud and New Services** projects
 - Great potential for further increase of cross border and cross technology sales
- Over all ambition unchanged; **profitable growth and EBITDA margin above the average market levels**



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APPENDIX

FINANCIAL REVIEW

SEGMENTS

Norway

(Amounts in NOK million)

	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Sales revenues	151.9	119.4	299.6	256.7	495.3
EBITDA ¹⁾	27.2	17.9	49.1	40.3	51.4
EBITDA margin ¹⁾	17.9 %	15.0 %	16.4 %	15.7 %	10.4 %
EBITDA excl. non-recurring costs ¹⁾	27.2	17.9	49.1	40.3	65.4
EBITDA margin excl. non-recurring costs ¹⁾	17.9 %	15.0 %	16.4 %	15.7 %	13.2 %
Number of employees, average (FTE)	353	332	351	328	331
Number of employees, end of period	350	329	350	329	342
Number of work days, Norway (excl. vacation)	60	58	122	123	251
EBITDA per average employee ¹⁾ (tNOK)	76.9	54.1	139.8	123.1	155.4
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	76.9	54.1	139.8	123.1	197.5

¹⁾ Adjusted for IPO costs and other non-recurring items of NOK 14.0 million in Q4 2017. See note 13 for alternative performance measures.

FINANCIAL REVIEW

SEGMENTS

Sweden

(Amounts in NOK million)

	Q2 2018	Q2 2017	YTD 2018	YTD 2017	FY 2017
Sales revenues	23.1	25.3	50.2	49.0	101.2
EBITDA ¹⁾	1.3	1.9	3.3	4.1	5.7
EBITDA margin ¹⁾	5.7 %	7.6 %	6.6 %	8.3 %	5.6 %
EBITDA excl. non-recurring costs ¹⁾	1.3	1.9	3.3	4.1	5.7
EBITDA margin excl. non-recurring costs ¹⁾	5.7 %	7.6 %	6.6 %	8.3 %	5.6 %
Number of employees, average (FTE)	59	63	60	63	63
Number of employees, end of period	60	64	60	64	60
Number of work days, Sweden (excl. vacation)	61	59	124	123	251
EBITDA per average employee ¹⁾ (tNOK)	22.3	30.5	55.4	64.9	89.7
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	22.3	30.5	55.4	64.9	89.7

¹⁾ Adjusted for IPO costs and other non-recurring items of NOK 14.0 million in Q4 2017. See note 13 for alternative performance measures.

FINANCIAL REVIEW

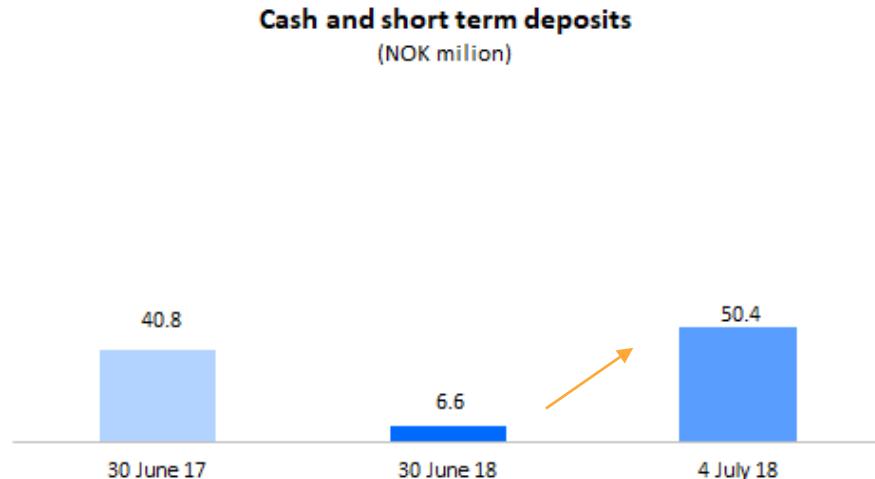
EQUITY CHANGES

(Amounts in NOK million)	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity owners parents		Total equity
						Attributable to equity owners	Parents	
At 1 January 2016	21.3	-0.6	32.1	8.8	135.3	196.9	196.9	196.9
Profit for the period	-	-	-	-	33.9	33.9	33.9	33.9
Other comprehensive income/(loss)	-	-	-	3.5	-	3.5	3.5	3.5
Net purchase of treasury shares	-	-	-	-	-	-	-	-
Restructuring of sub-group	5.7	-	117.5	-	-	123.2	123.2	123.2
Dividends to NCI	-	-	-	-	-	-	-	-
Dividends	-	-	0.2	-	-	0.2	0.2	0.2
At 31 December 2017	27.0	-0.6	149.8	12.4	169.2	357.7	357.7	357.7
Profit for the period	-	-	-	-	17.7	17.7	17.7	17.7
Shares issued	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-4.6	-	-4.6	-4.6	-4.6
Share incentive program	-	-	-	0.3	-	0.3	0.3	0.3
At 31 March 2018	27.0	-0.6	149.8	8.1	186.8	371.1	371.1	371.1

FINANCIAL REVIEW | CASH & RECEIVABLES

WHEN QUARTER END FALLS ON A SUNDAY

- Monthly invoicing and 30 days net. Month end therefore due date for most payments
- When due date falls on Saturday/Sunday, delayed customers normally pay on Monday/Tuesday
- NOK 43.8 million falling due on Saturday 30 June was recorded as cash on Wednesday 4 July



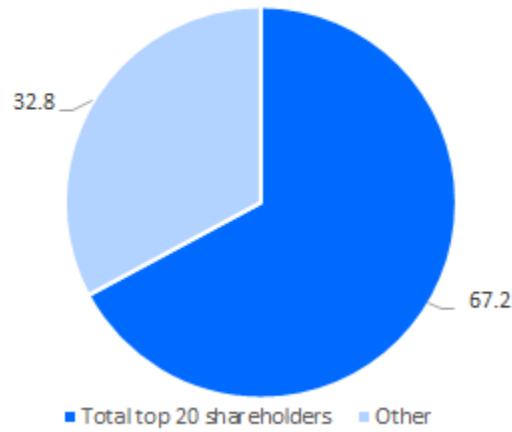
TOP 20 SHAREHOLDERS AT 10 AUG 2018

#	Shareholder name	Shares	%	Type	Country
1	GLOBAL DIGITAL HOLDI	3 844 255	14.3		NOR
2	Virtus KAR Internati The Bank of New York	3 831 491	14.2		USA
3	VERDIPAPIRFONDET ALF SEB Investor World G	1 556 645	5.8		NOR
4	COLINA INVEST AS	839 080	3.1		NOR
5	Goldman Sachs Intern SECURITY CLIENT SEGR	783 058	2.9	NOM	GBR
6	PARK LANE FAMILY OFF	713 361	2.7		NOR
7	VPF NORDEA NORGE VER C/O JPMORGAN EUROPE	685 000	2.5		NOR
8	AZURE HOLDING AS	610 301	2.3		NOR
9	JPMorgan Chase Bank, JPMCB RE HB SWED FUN	571 000	2.1	NOM	SWE
10	JPMorgan Chase Bank, HANDELSBANKENS NRD S	570 902	2.1	NOM	SWE
11	Taaleri Nordic Value C/O Handelsbanken cu	570 000	2.1		FIN
11	SOLE ACTIVE AS	551 046	2.0		NOR
13	Citibank, N.A. S/A MUT FD EQ NORDIC	438 491	1.6	NOM	FIN
14	SEB PRIME SOLUTIONS SKANDINAViska ENSKIL	400 000	1.5		LUX
15	NWT MEDIA AS c/o Thommessen AS	390 000	1.5		NOR
16	ILLARI AS	387 268	1.4		NOR
17	NORDEA NORDIC SMALL	355 130	1.3		FIN
18	DnB NOR Bank ASA EGENHANDELSKONTO DnB NOR Markets	348 967	1.3		NOR
19	Danske Invest Norge	342 000	1.3		NOR
20	BOREA GLOBAL EQUITIE	322 264	1.2		NOR
Total top 20 shareholders		18 110 259	67.2		
Other		8 138 132	32.8		
Total shares outstanding		26 248 391	100.0		

TOP 20 SHAREHOLDERS

SHARE OF TOTAL AND BY GEOGRAPHY AT 10 AUG 2018

Top 20 shareholders at 10 Aug 2018



Top 20 shareholders by geography , 10 Aug 2018

