

# Webstep Q3 2018: Continued growth

(Oslo 8. November 2018) **Webstep reports another quarter of profitable growth. The continued strong demand drives high utilisation and increased rates. The general shortage of IT experts creates an increasingly competitive environment for recruitment.**

**Webstep ASA** recorded total consolidated revenues in the third quarter of NOK 138.1 million, up 10.5 per cent from the same quarter last year. Revenues for the first nine months of 2018 rose by 13.3 per cent from the same period last year and ended at NOK 487.9 million (NOK 430.6 million) **[1]**.

"Webstep enjoys a favourable market situation. The continuous high demand for digitalisation services has resulted in an increased willingness to pay for IT expert services. Rates have increased during 2018, and the upward shift seems to continue", says Kjetil Bakke Eriksen, CEO of Webstep ASA.

The consolidated EBITDA for the third quarter amounted to NOK 8.9 million (NOK 7.1 million). The growth of 24.8 per cent from the corresponding quarter last year is mainly a consequence of the revenue growth combined with the benefits of high utilisation and higher rates achieved. Consequently, the EBITDA-margin was strengthened and came to 6.4 per cent, compared to 5.7 per cent in the third quarter of 2017. EBITDA for the first nine months ended at NOK 61.3 million (NOK 51.5 million), with an EBITDA margin of 12.6 per cent, also strengthened from last year's 12 per cent.

Net profit for the third quarter was NOK 5.9 million, up from NOK 2.2 million in the same quarter last year. Net profit for the first nine months was NOK 44.4 million (NOK 29.5 million).

Total equity at 30 September was NOK 357.3 million (NOK 228 million), corresponding to an equity ratio of 66.8 per cent (43 per cent).

Cash flow from operations in the first nine months was improved and amounted to NOK 23.8 million (negative NOK 23.8 million). Affected by dividend payment of 39.5 million, the net cash flow in the first nine months of 2018 was negative NOK 2.3 million. Net cash flow for the same period last year was negative NOK 78.6 million, impacted by repayment of borrowings and higher increase of receivables in 2017.

"The market growth continues, with generally high demand for Webstep's core digitalisation offering. Sales of New Services, such as IoT, analytics and machine learning are also growing, in part due to the company's strong emphasis on sharing knowledge and expertise across the

organisation. This is strengthening the offering to existing and new clients in all Webstep locations", says Kjetil Bakke Eriksen.

Webstep has a strong market position and a solid financial position with a very robust order book. The general outlook for 2018 is positive. However, the situation with unexpected high churn at a single branch in the Oslo office in the second quarter has impacted the growth capacity to some extent due to time consuming replacement processes and increased competition for IT experts. As previously communicated, growth in the last quarter of 2018 is therefore expected to be lower than the earlier quarters this year.

Webstep will continue its focus on organic growth and recruitment. However, in response to the increasingly challenging market conditions for recruitment of IT experts, the Company will consider a stronger focus on M&A activities as part of its growth strategy going forward.

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**This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.**

**Webstep ASA is a provider of consultancy services to the private and public sector, with the IT expertise necessary to deliver the most demanding digitalisation and IT services. Since its establishment in 2000, Webstep has delivered profitable growth. The company offers its services to more than 200 customers annually and has been recognised for its work environment.**

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[1] Numbers in brackets refer to the corresponding reporting period/reporting date in 2017, unless otherwise specified