

Q3 **2018**

PRESENTATION

Webstep ASA

OSLO, 8 NOV 2018

Kjetil Eriksen, CEO
Liv Annike Kverneland, CFO

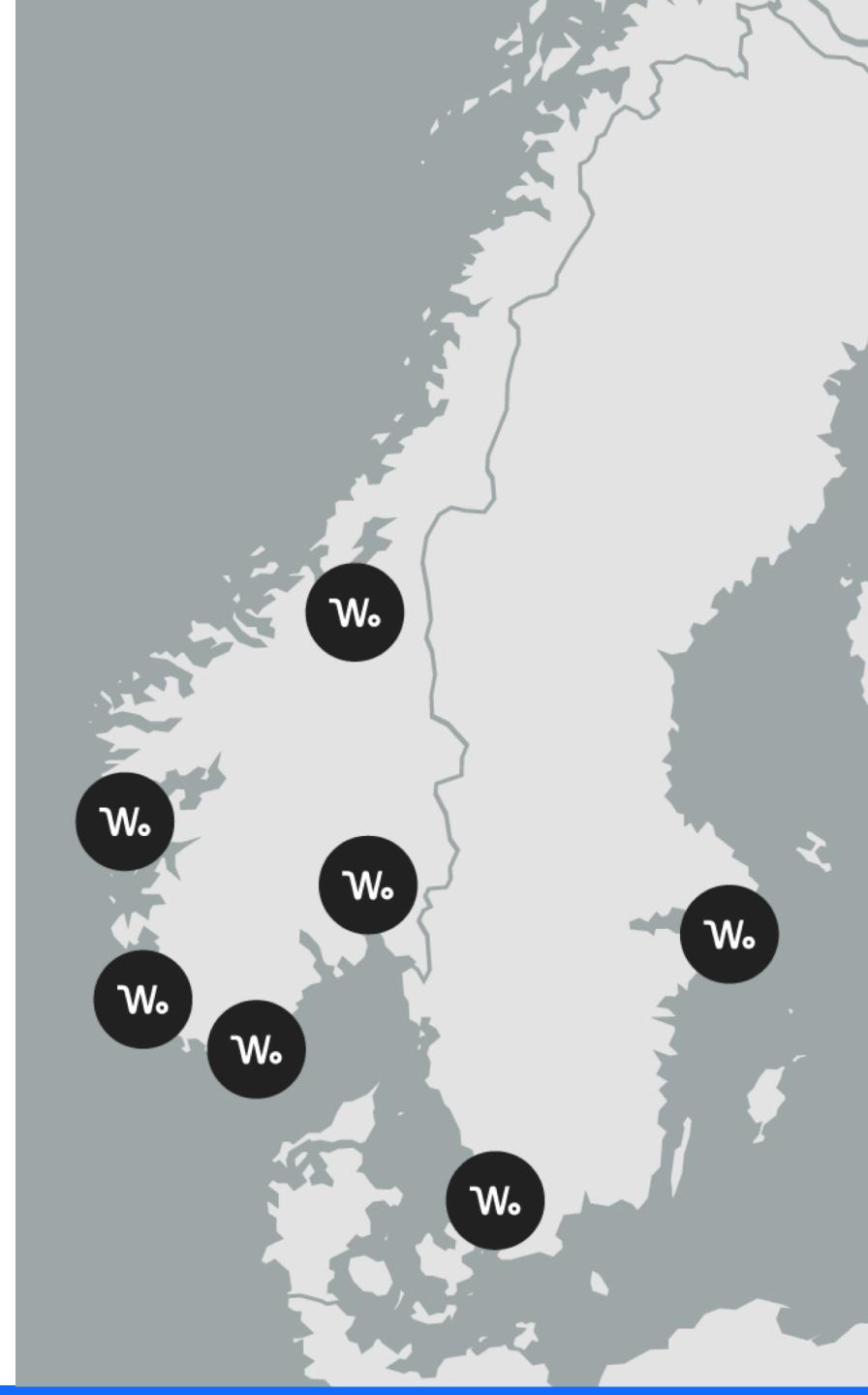


1. **Highlights**
2. Business review
3. Financial review
4. Outlook
5. Q&A

Q3 HIGHLIGHTS

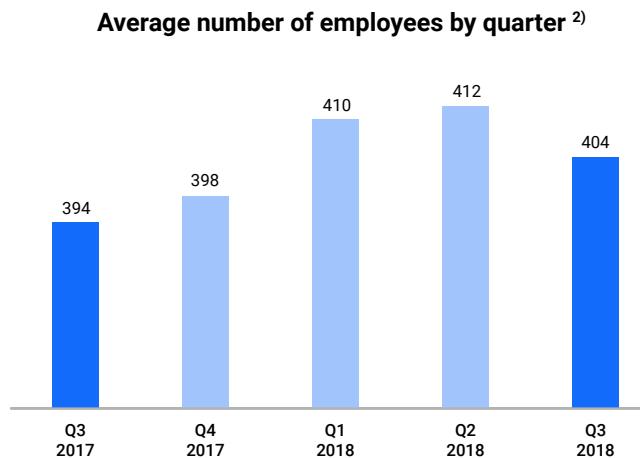
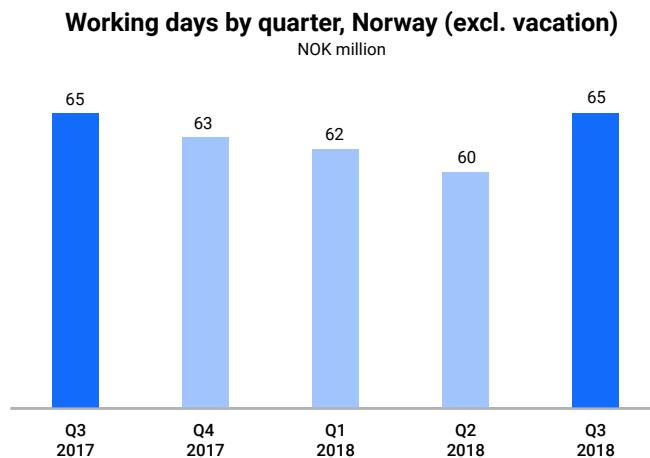
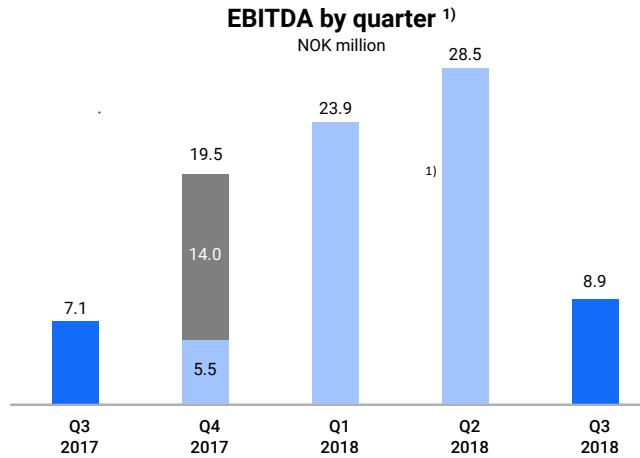
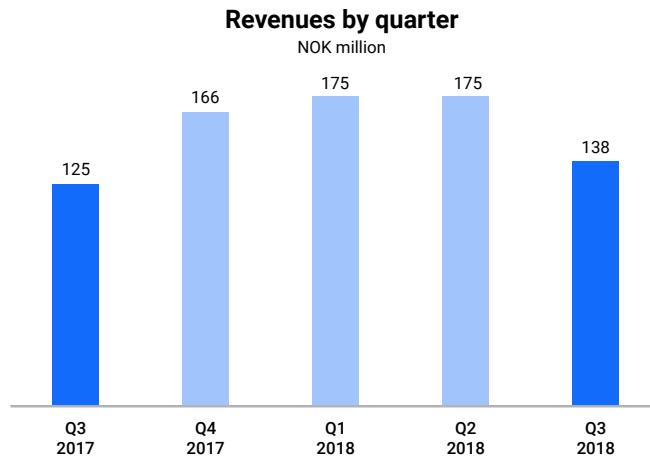
- Continued revenue growth
 - Q3: NOK 138.1m (+11%)
 - YTD: NOK 487.9m (+13%)
- Strong EBITDA development
 - Q3: NOK 8.9m (+25%)
 - YTD: NOK 61.3m (+19%)
- High utilisation and increased rates driven by high demand
- New strategic technology partnerships established
- Changes in Group management

Numbers in brackets refer to the corresponding period in 2017



CAPACITY AND SEASONALITY

KEY VALUE DRIVERS



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

2) Average number of employees in Q1 and Q2 has been adjusted compared to previous interim reports due to an error in headcount. Q1 has been adjusted by +7 and Q2 by +9

Highlights Q3

- EBITDA +25% Y/Y
- Driven by revenue growth, high utilisation and higher rates
- YTD EBITDA NOK 61.3m (NOK 51.5m)

Other comments:

- Unexpected employee churn in Q2

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BUSINESS REVIEW

MARKET AND CUSTOMERS

Continued **strong markets**

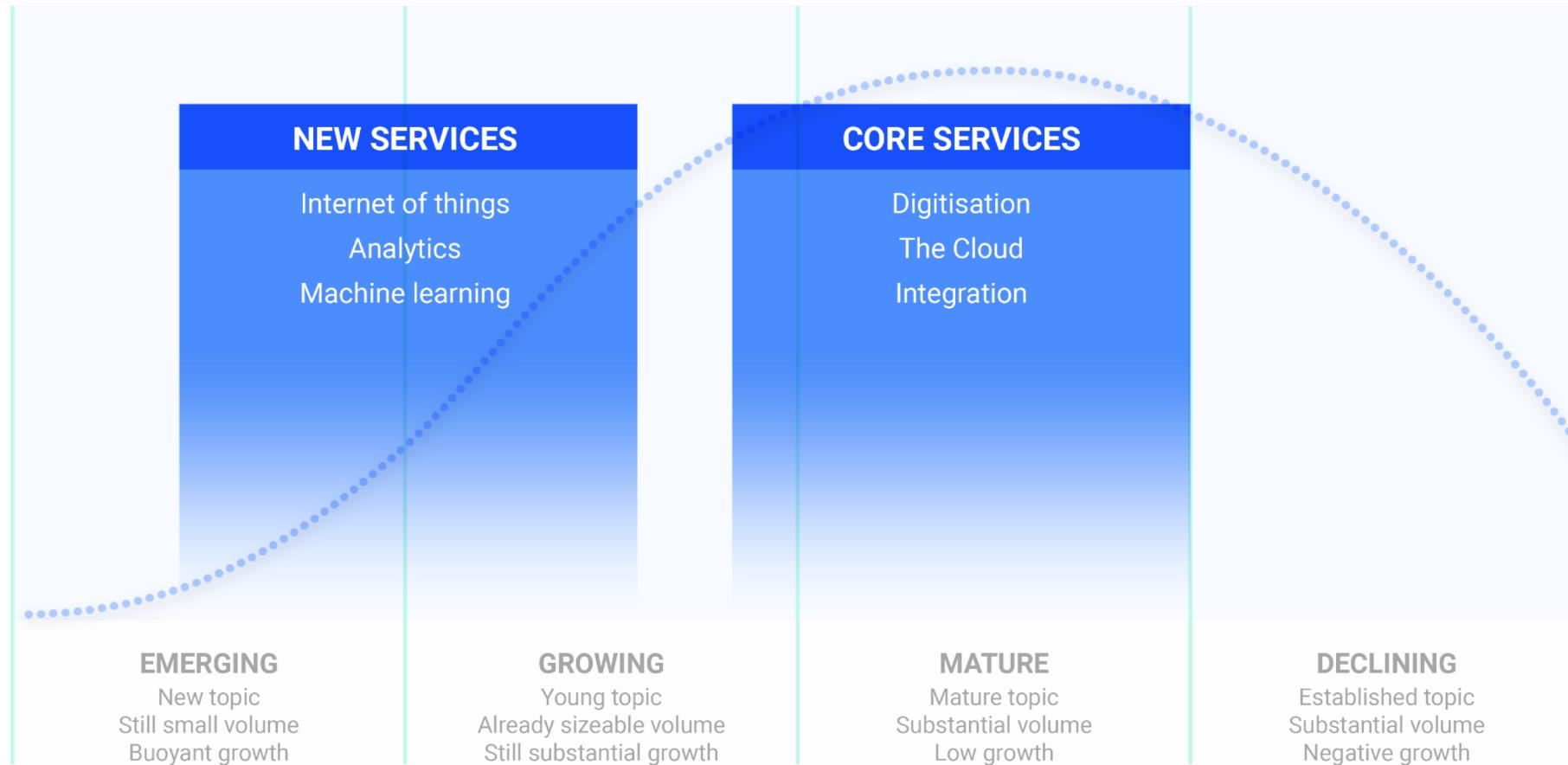
- High demand for core digitalisation services
- Strong willingness to pay for expert IT services
- Structural upward shift in rates continues

New strategic technology **partnerships**

- Increasing demand for new services
- Webstep has entered new strategic partnerships in the cloud and robotic process automation (RPA) spaces

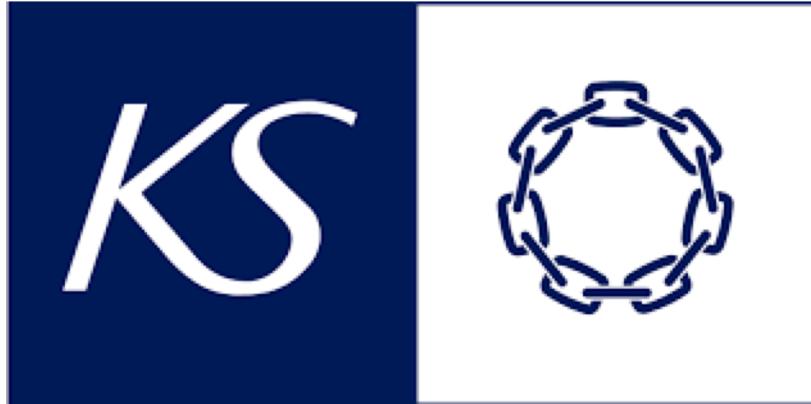


ENABLING FUTURE GROWTH MEETING TODAY'S DEMAND



BUSINESS REVIEW

FAST AND SECURE PUBLIC MESSAGING SERVICES



KS works to realise efficient, independent and citizen-oriented public sector organisations

- Tech wise, KS is far ahead with highly innovative, public, digital solutions
- “SvarInn” and “Svarut” are KS custom made digital solutions, ensuring efficient processing of information between municipalities and citizens, through fast, cost effective and secure messaging services
- Through Webstep's framework agreement with KS, we contribute with system development and architecture expertise to improve the public utility through digitalisation

BUSINESS REVIEW

IMPROVED PROFITABILITY THROUGH USE OF ML AND AI



Lyse produksjon uses machine learning (ML) and artificial intelligence (AI) to further optimise production planning and management

- Optimisation of reservoir management and water dispatch using machine learning
- Modelling power markets to increase prediction capabilities
- Establishing a data platform to streamline deployments of new initiatives

BUSINESS REVIEW

EASY ACCESS CREDIT FACILITY



The vast majority of Norwegian companies are small or medium sized. Liquidity can be a challenge, and may slow down growth and development

- Sparebanken Vest focuses heavily on bespoke solutions in its business development
- Buffer is a digital, flexible, fast and easy to understand borrowing application for businesses. Through Buffer customers can get easy access to credit facilities relative to their invoiced claims
- Webstep architecture-, business logic- and systems development experts are deeply involved in this exciting and cutting-edge Sparebanken Vest project

BUSINESS REVIEW

STRENGTHENING PARTNERSHIPS



Partnerships fuel Webstep's growth in new business areas within Cloud, Robotic Processing Automation (RPA), Machine Learning (ML), Artificial Intelligence (AI) and Internet of Things (IoT)

- **Amazon Web Services Advanced Consulting Partner**
 - AWS is the world's largest public cloud provider
- **Google Cloud Services Platform Partner**
 - Google Cloud Services is climbing steadily on Gartner's Magic Quadrant for IaaS, and is considered one of the top 3 players - differentiating on AI and ML
- **Blue Prism Robotic Processing Automation (RPA) partner**
 - Blue Prism is a global key player on robotics

BUSINESS REVIEW

EMPLOYEES AND ORGANISATION



Liv Annike Kverneland
CFO

- Former PwC auditor, Certified Public Accountant
- Experienced CFO, former positions in Making Waves, Computas and Camo Software



Rolf Helle
Director Business Development

- Among the Webstep founders
- Experienced IT manager - covering business development and M&A activities



Hans Sigvart Hansen
COO Norway

- Former international Capgemini program- and project manager
- Previous Webstep Project and Test Management Director 2012-2018

BUSINESS REVIEW

EMPLOYEES AND ORGANISATION

Reduction in headcount from Q2

- Unexpected churn at single branch in Oslo
- Securing client relations through increased use of subcontractors

Centres of excellence strengthened

- In cloud and new services
- Increased competence sharing across regions
- Improved cross-selling

Investments in team, culture and competence

- Annual recurring Q3-events
- Affect both personnel cost, other operating expenses and billable hours

Changes to Norwegian Working Environment Act

- All employee contracts will be compliant 1 January 2019



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FINANCIAL REVIEW | PROFITABLE REVENUE GROWTH

(Amounts in NOK million)	Q3 2018	Q3 2017	% Change	Q3 YTD 2018	Q3 YTD 2017	% Change
Total revenues	138.1	124.9	10.5 %	487.9	430.6	13.3 %
Cost of services and goods	12.9	11.0		45.2	32.7	
Salaries and personell cost	107.3	98.3		351.6	319.9	
Other operating expenses	9.0	8.5		29.8	26.5	
EBITDA	8.9	7.1	24.8 %	61.3	51.5	19.0 %
EBITDA margin	6.4 %	5.7 %		12.6 %	12.0 %	
Depreciation and amortisation	0.7	2.2		1.9	6.4	
EBIT	8.2	4.9	67.4 %	59.3	45.1	31.6 %
EBIT margin	5.9 %	3.9 %		12.2 %	10.5 %	
Net financial items	-0.6	-2.0		-1.8	-6.3	
Profit before tax	7.6	2.9	159.2 %	57.6	38.8	48.4 %
Income tax expenses	1.7	0.7		13.2	9.3	
Profit for the period	5.9	2.2	164.0 %	44.4	29.5	50.5 %
Earnings per share (NOK)	0.22	0.11	106.8 %	1.7	1.4	17.9 %
Earnings per share, fully diluted (NOK)	0.22	0.11				

Comments:

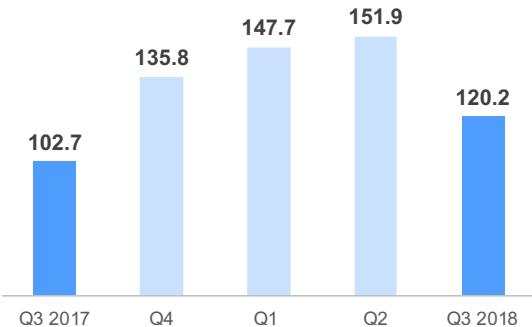
- Revenue growth reflects capacity increase and higher rates
- EBITDA growth mainly due to revenue growth, high utilisation and higher rates
- Investments in team, culture and competence in Q3 each year, affecting:
 - Personnel cost
 - Other operating expenses
 - Number of billable hours

FINANCIAL REVIEW | NORWAY

Summing up

- Q3 operating revenues NOK 120.2 million (+17%)
- YTD operating revenues NOK 419.8 million (+17%)
- YTD EBITDA margin of 13.8% (12.9%)
- Market situation remains very favorable, high order intake and backlog

Revenues by quarter



EBITDA by quarter¹⁾



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

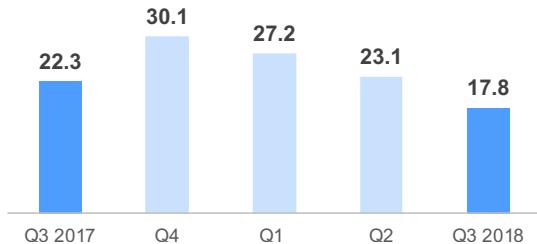


FINANCIAL REVIEW | SWEDEN

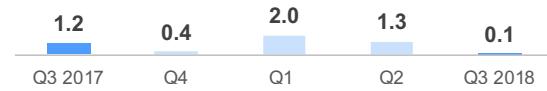
Summing up

- Q3 Operating revenues 17.8 million (-20%)
- YTD Operating revenues 68.1 million (-4%)
- Q3 drop mainly explained by lower capacity, less use of subcontractors and currency translation effect
- Reorganisations to reduce churn
- EBITDA affected by annual competence development event scheduled in September in 2018, and October in 2017

Revenues by quarter



EBITDA by quarter



FINANCIAL REVIEW | A CAPITAL EFFICIENT BUSINESS

(Amounts in NOK million)	30 September			Year end 2017	(Amounts in NOK million)	30 September			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	150.7	32.1	149.8		Intangible assets			383.4	385.8
Retained earnings	180.3	175.3	181.6		Fixed assets			5.3	4.4
Non-controlling interest	-	-	-		Non-current financial assets			0.0	1.4
Total equity	357.3	228.0	357.7		Deferred tax asset			0.2	0.3
					Total non-current assets			388.9	392.0
LIABILITIES									
<i>Non-current liabilities</i>					<i>Current assets</i>				
Borrowings	-	135.0	-		Trade receivables			138.3	128.8
Deferred tax	1.5	2.6	1.6		Other current receivables			3.1	7.3
Total non-current liabilities	1.5	137.6	1.6		Cash and short-term deposits			4.2	1.8
					Total current assets			145.7	137.9
Debt to credit institutions	41.5	37.4	24.3		Total assets			534.6	529.8
Trade and other payables	12.0	9.7	16.7						528.3
Tax payable	12.9	14.8	7.3						
Dividends payable	-	-	-						
Social taxes and VAT	47.8	40.1	49.3						
Other short-term debt	61.6	62.2	71.4						
Total current liabilities	175.8	164.2	168.9						
Total equity and liabilities	534.6	529.8	528.3						

- Strong equity position (67%) and low non-current liabilities reflect strong performance, and the refinancing in 2017
- Receivables slightly higher
- Trade receivables at quarter end NOK138.3 million, up from NOK128.8 million Y/Y mainly due to higher revenues in 2018
- Most receivables due at month end, and since due date was during a weekend both in 2017 and 2018, trade receivables are high relative to cash

FINANCIAL REVIEW | CASH FLOW

(Amounts in NOK million)

	Note	Q3 YTD 2018	Q3 YTD 2017	Full year 2017
Operating activities				
Profit/(loss) before tax		57.6	38.8	40.4
Adjustments for:		-	-	-
Depreciation of property, plant and equipment		1.9	6.4	8.2
Net change in trade and other receivables		-12.3	-49.4	-40.9
Net change in other liabilities		-15.9	-8.3	17.0
Net foreign exchange differences		0.1	-0.5	0.7
Income tax expenses		-7.6	-10.9	-17.2
Net cash flow from operating activities		23.8	-23.8	8.0
Investing activities				
Payments for R&D initiative		-1.9	-2.8	-3.6
Purchase of property and equipment		-2.0	-3.1	-4.5
Net cash flow from investing activities		-3.9	-5.9	-8.0
Financing activities				
Proceeds from borrowings		-	-	-
Repayment of borrowings		-	-26.3	-192.5
Change in bank overdraft		17.2	-22.6	-4.4
Net proceeds from equity		-	-	123.2
Payment of dividends		-39.5	-	-
Net cash flows from financing activities		-22.3	-48.9	-73.8
Net increase/(decrease) in cash and cash equivalents		-2.3	-78.5	-73.7
Cash and cash equivalents at 1 January		6.6	80.3	80.3
Cash and cash equivalents at end of period		4.2	1.8	6.6

- Solid cash flow from operations
- Improved cash flow from financing activities of negative NOK 22.3 million (negative NOK 48.9 million) mainly attributable to the low debt level post IPO, offset by dividend paid in 2018

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OUTLOOK NEW INITIATIVES IN STRONG MARKETS

Continued high demand

- Digitalisation of private and public sectors a megatrend for IT experts
- Recruitment challenges confirms market strength, recruitment prioritised
- Webstep expects Q4 growth below level in Q1-Q3 2018

Several initiatives to secure new growth capacity

- Centres of Excellence, tech partnerships and cross border sales are important recruitment messages
- Establishing new locations in Norway and Sweden
- Stronger focus on M&A

Overall 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)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Sales revenues	120.2	102.7	419.8	359.4	495.3
EBITDA ¹⁾	8.8	5.9	57.9	46.3	51.4
EBITDA margin ¹⁾	7.3%	5.8%	13.8%	12.9%	10.4%
EBITDA excl. non-recurring costs ¹⁾	8.8	5.9	57.9	46.3	65.4
EBITDA margin excl. non-recurring costs ¹⁾	7.3%	5.8%	13.8%	12.9%	13.2%
Number of employees, average (FTE)	346	329	354	328	331
Number of employees, end of period	338	328	338	328	342
Number of work days, Norway (excl. vacation)	65	65	187	188	251
EBITDA per average employee ¹⁾ (tNOK)	25.4	18.0	163.3	141.0	155.6
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	25.4	18.0	163.3	141.0	197.8

1) IPO costs and other non-recurring items of NOK 14 million recorded in Q4 2017. See note 12 for alternative performance measures

FINANCIAL REVIEW | SEGMENTS

SWEDEN

(Amounts in NOK million)	Q3 2018	Q3 2017	YTD 2018	YTD 2017	FY 2017
Sales revenues	17.8	22.3	68.1	71.2	101.2
EBITDA ¹⁾	0.1	1.2	3.4	5.3	5.7
EBITDA margin ¹⁾	0.6%	5.3%	5.0%	7.4%	5.6%
EBITDA excl. non-recurring costs ¹⁾	0.1	1.2	3.4	5.3	5.7
EBITDA margin excl. non-recurring costs ¹⁾	0.6%	5.3%	5.0%	7.4%	5.6%
Number of employees, average (FTE)	58	65	59	64	63
Number of employees, end of period	56	65	56	65	60
Number of work days, Sweden (excl. vacation)	65	65	189	188	251
EBITDA per average employee ¹⁾ (tNOK)	1.7	18.1	57.7	82.6	90.1
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	1.7	18.1	57.7	82.6	90.1

1) See note 12 for alternative performance measures

FINANCIAL REVIEW | CHANGES IN EQUITY

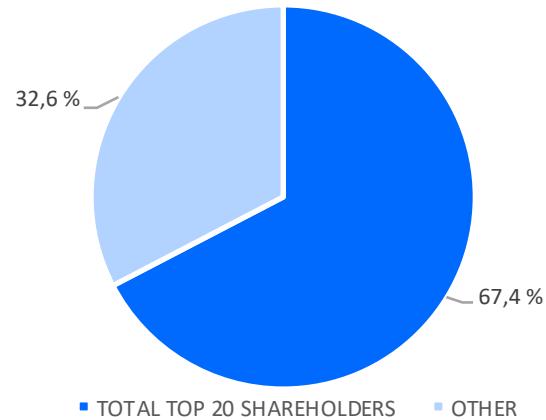
(Amounts in NOK million)	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity owners parents	Total equity
At 1 January 2016	21.3	-0.6	32.1	8.8	135.3	196.9	196.9
Profit for the period	-	-	-	-	33.9	33.9	33.9
Other comprehensive income/(loss)	-	-	-	3.5	-	3.5	3.5
Net purchase of treasury shares	-	-	-	-	-	-	-
Restructuring of sub-group	5.7	-	117.5	-	-	123.2	123.2
Dividends to NCI	-	-	-	-	-	-	-
Share incentive program	-	-	0.2	-	-	0.2	0.2
At 31 December 2017	27.0	-0.6	149.8	12.4	169.2	357.7	357.7
Profit for the period	-	-	-	-	44.4	44.4	44.4
Shares issued	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-6.1	-	-6.1	-6.1
Share incentive program	-	-	0.8	-	-	0.8	0.8
Dividends	-	-	-	-	-39.5	-39.5	-39.5
At 30 September 2018	27.0	-0.6	150.7	6.3	174.0	357.3	357.3

TOP 20 SHAREHOLDERS | 1 NOVEMBER 2018

SHAREHOLDER NAME	NUMBER OF SHARES	%	TYPE	COUNTRY
GLOBAL DIGITAL HOLDING AS	3 844 255	14,3 %	ORD	NOR
Virtus KAR International Small-Cap, The Bank of New York Mellon	3 831 491	14,2 %	ORD	USA
VERDIPAPIRFONDET ALFRED BERG GAMBA, SEB Investor World Global Custody	1 556 645	5,8 %	ORD	NOR
COLINA INVEST AS	839 080	3,1 %	ORD	NOR
Goldman Sachs International, SECURITY CLIENT SEGREGATION	783 058	2,9 %	NOM	GBR
HANDELSBANK NORDISKA SMABOLAGSFOND, JPMORGAN CHASE BANK	721 869	2,7 %	ORD	SWE
VPF NORDEA NORGE VERDI, C/O JPMORGAN EUROPE LTD, OSLO BR.	685 000	2,5 %	ORD	NOR
WEBSTEP ASA	610 301	2,3 %	ORD	NOR
SOLE ACTIVE AS	551 046	2,0 %	ORD	NOR
Danske Invest Norge Vekst	542 000	2,0 %	ORD	NOR
J.P. Morgan Bank Luxembourg S.A.	520 000	1,9 %	NOM	SWE
PARK LANE FAMILY OFFICE AS	509 148	1,9 %	ORD	NOR
Taaleri Nordic Value Equity Fund	470 000	1,7 %	ORD	FIN
Citibank, N.A.	438 491	1,6 %	NOM	FIN
BOREA GLOBAL EQUITIES SPESIALFOND	422 264	1,6 %	ORD	NOR
SEB PRIME SOLUTIONS CARN Long Shor	400 000	1,5 %	ORD	LUX
NWT MEDIA AS	390 000	1,4 %	ORD	NOR
ILLARI AS	387 268	1,4 %	ORD	NOR
DnB NOR Bank ASA, EGENHANDELSKONTO	350 000	1,3 %	ORD	NOR
SALT VALUE AS	313 270	1,2 %	ORD	NOR
TOTAL TOP 20 SHAREHOLDERS	18 165 186	67,4 %		
OTHER	8 801 831	32,6 %		
TOTAL SHARES OUTSTANDING	26 967 017	100,0 %		

TOP 20 SHAREHOLDERS | SHARE OF TOTAL | BY GEOGRAPHY

Top 20 shareholders at 1 Nov 2018



Top 20 shareholders by geography 1 Nov 2018

