

WEBSTEP

Q4 and Full Year 2019

Webstep ASA

Oslo 12 February 2020

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1. Q4 and Full Year Highlights
2. Business Review
3. Financial Review
4. Outlook
5. Q&A



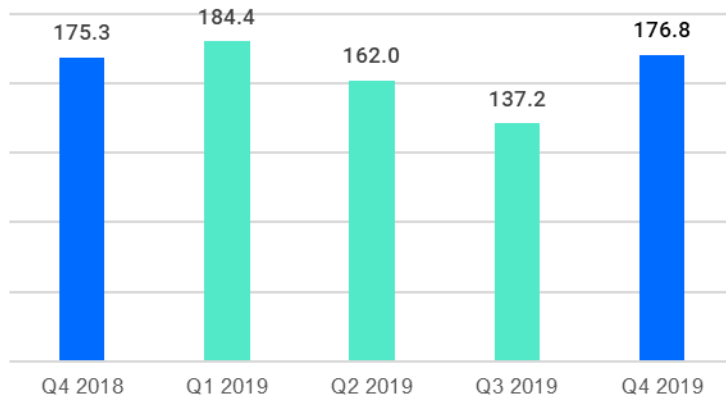
Q4 AND FULL YEAR HIGHLIGHTS

- **Revenues flat in 2019**
 - Q4 revenues: NOK 176.8 million (+0.9 per cent)
 - 2019 revenues: NOK 660.5 million (-0.4 per cent)
- **EBITDA impacted by costs of growth initiatives**
 - Q4 EBITDA: NOK 12.0 million (-31.4 per cent)
 - 2019 EBITDA: NOK 60.4 million (-23.3 per cent)
- **Continued growth in headcount**
 - Average number of employees was 405 in Q4, up by 4.7 per cent year-over-year
 - Growth in headcount continues in Q1 2020
- **Rated number one consultancy by “Konsulentguiden” in terms of value creation and repeat purchase**
- **Strong financial position and positive outlook support dividend proposal of NOK 1.60 per share**

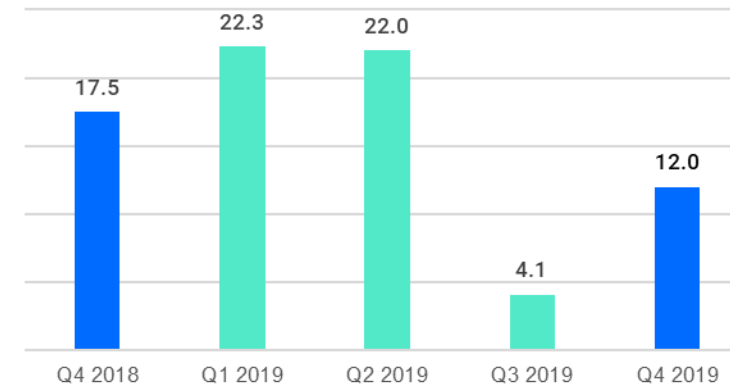


Q4 KEY VALUE DRIVERS

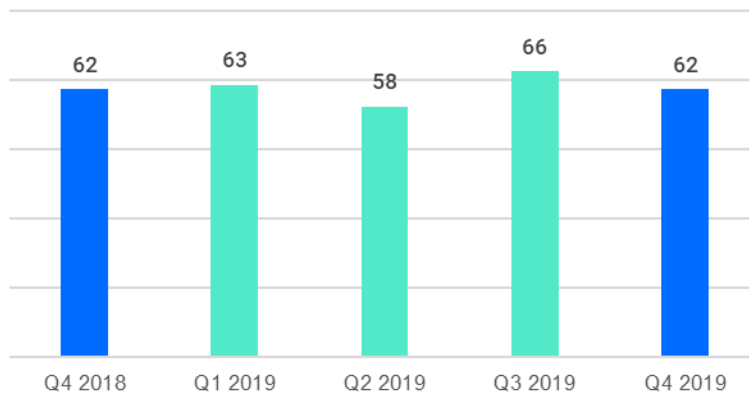
Revenues by quarter
(NOK million)



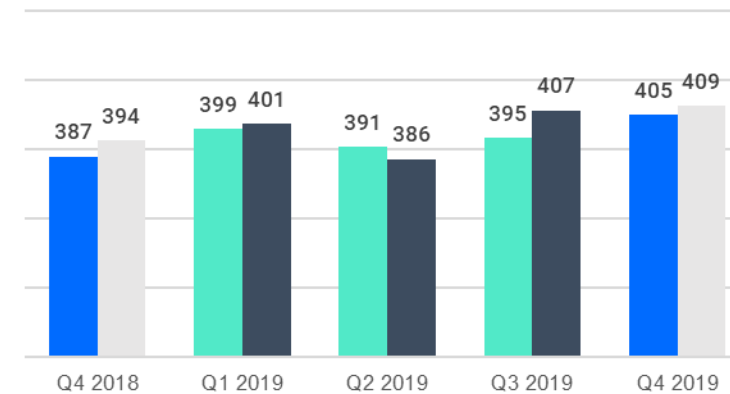
EBITDA by quarter
(NOK million)



Working days by quarter, Norway
(excl. vacation)



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



1. Q4 and Full Year Highlights
2. **Business Review**
3. Financial Review
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Business Review

Continued progress in all business areas



Technology Experts

- Continued high demand
- Recently published IT trend report (Konsulentguiden) confirms Webstep's solid reputation among IT buyers in Norway
- Highest rated consultancy within
 - Value creation
 - Repeat purchase



Solutions

- Promising pipeline developed in Q4
- Strategic partner contracts signed in Q4:
 - **Telenor**: partnership to build smart solutions for buildings, cities and manufacturing
 - **IBM**: software partnership



Tech-Advisory & - Management

- Webstep awarded the Amazon Web Services (AWS) Well-Architected Partner status
- One of few Nordic AWS partners to achieve this recognition

Business Review

Customer cases showing innovative utilisation of technology



Bergene Holm is a leading vendor of lumber

✓ Webstep Solutions and Advisory delivery:

- Document the information flow in the company
- Lead the way in digitalisation of the company
- Identify opportunities to automate and increase the efficiency of the production



Kolumbus is a player in the mobility and transportation field

✓ Webstep Tech Experts delivery:

- AI-based solutions processing real-time data to seamlessly connect various forms of transportation means
- Goal to develop an improved user experience through more precise and accurate information on deviations and delays



Business Review

Customer cases showing innovative utilisation of technology



Statens Vegvesen (SVV) works to create a smarter transportation system

✓ Webstep Advisory delivery:

- Implementing a new regional reform has consequences for many of the SVV IT-systems
- Project management and monitoring activities to prepare systems that are affected



Statens vegvesen



FuelBox sparks great conversations through 1000s of questions

✓ Webstep Tech Experts and Advisory delivery:

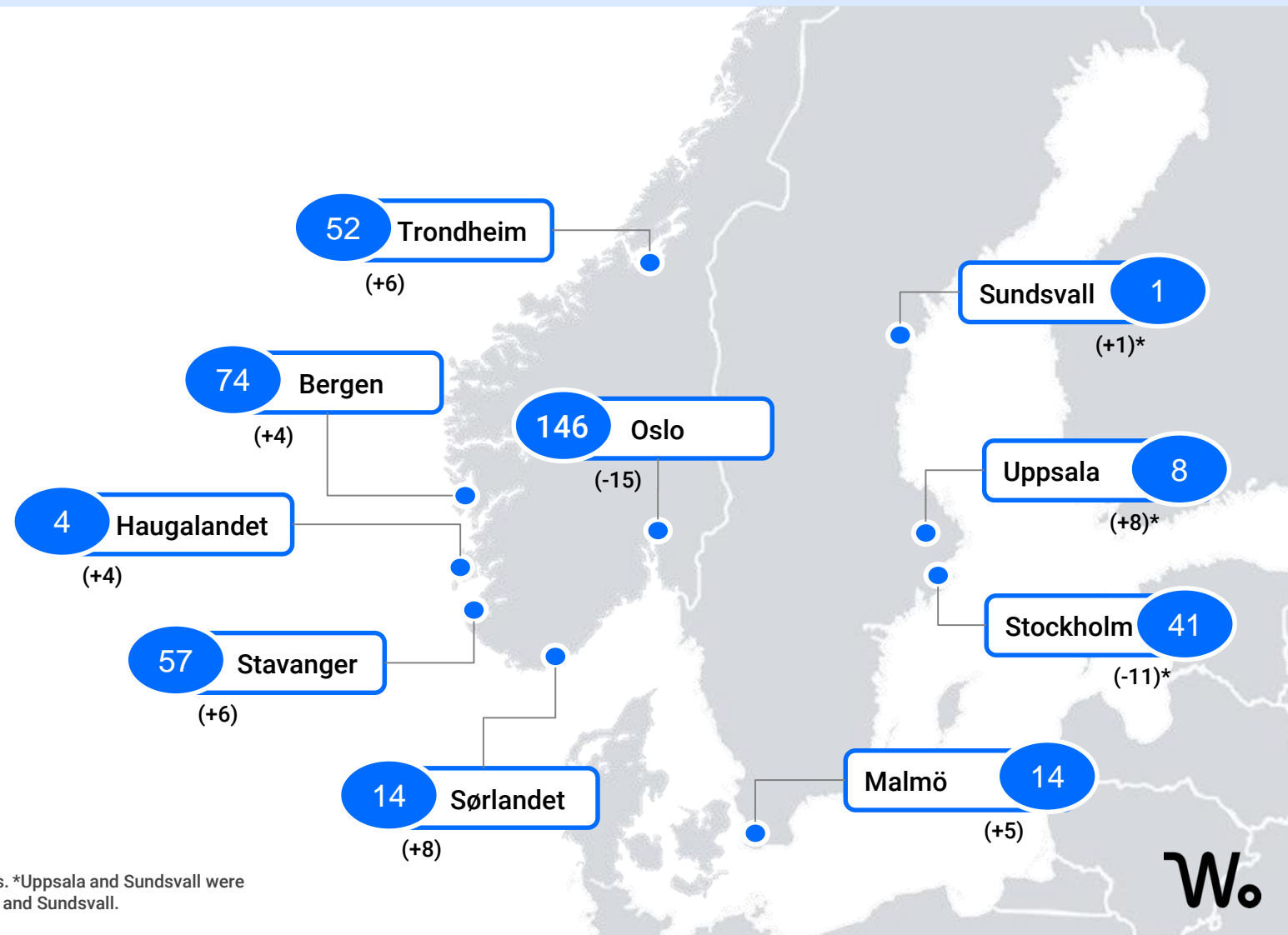
- Goal to digitalise the concept and develop a web application with a payment platform
- UX design, development and project management in lean collaboration



Business Review

Back to Y/Y growth in employees

- 409 employees at year end, up by 15 employees year-over-year
- Employee share purchase program in Q4: 192 employees participated in the program and 120,383 treasury shares were sold
- Important project completed in Q4 on corporate identity and branding to further enhance the position as preferred employer
- New Chief Communications Officer in Q4 2019 - Otto Backer Solberg (previously IBM)



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Financial Review

Key Figures

NOK million	Q4 2019	Q4 2018	Y/Y % growth	FY 2019	FY 2018	Y/Y % growth
Sales revenues	176.8	175.3	0.9%	660.5	663.2	(0.4%)
EBITDA	12.0	17.5	(31.4%)	60.4	78.8	(23.3%)
EBITDA margin	6.8%	10.0%		9.1%	11.9%	
EBITDA with former principles for leasing (IAS 17)	8.7	17.5	(50.3%)	52.7	78.8	(33.1%)
EBITDA margin with former principles (IAS 17)	4.9%	10.0%		8.0%	11.9%	
Net profit	5.2	11.8	(55.7%)	36.1	56.2	(35.8%)
EPS, fully diluted (NOK)	0.20	0.45	(55.9%)	1.36	2.12	(36.1%)
Equity ratio	65.7%	70.4%		65.7%	70.4%	
Cash and cash equivalents	25.5	33.5	(24.0%)	25.5	33.5	(24.0%)
Number of employees, average (FTE)	405	387	4.7%	397	407	(2.4%)
Number of employees, end of period	409	394	3.8%	409	394	3.9%
EBITDA per avg. employee (NOKt)	29.7	45.3	(34.4%)	152.2	193.6	(21.4%)
EBITDA per avg. employee with former principles (NOKt)	21.5	45.3	(52.5%)	132.8	193.6	(31.4%)

Q4 and Full Year Highlights

- Revenues in Q4 up 0.9% year-over-year:
 - Revenues from own consultants up NOK 5.0m driven by increased hourly rates and higher number of employees
 - Revenues from subcontractors down NOK 3.5m
- Revenues FY 2019 down 0.4% year-over-year:
 - Revenues from own consultants down NOK 15.6m following reduced number of employees
 - Revenues from subcontractors up NOK 13.0m
- FY 2019 EBITDA margin (IAS 17) affected by:
 - Increased use of subcontractors
 - Costs related to the change of CEO
 - Increased lease costs related to premises
 - Expensed costs related to IoT
 - Initiatives to increase growth capacity
- Total equity 31 December was NOK 371.6m (NOK 376.6)

Financial Review

Norway

NOK million	Q4 2019	Q4 2018	Y/Y % growth	FY 2019	FY 2018	Y/Y % growth
Sales revenues	152.2	150.5	1.1%	570.3	570.3	0.0%
EBITDA	9.7	17.5	(44.4%)	55.5	75.3	(26.3%)
EBITDA margin	6.4%	11.6%		9.7%	13.2%	
EBITDA with former principles for leasing (IAS 17)	7.9	17.5	(55.0%)	50.5	75.3	(33.0%)
EBITDA margin with former principles (IAS 17)	5.2%	11.6%		8.9%	13.2%	
Number of employees, average (FTE)	343	328	4.6%	337	348	(3.1%)
Number of employees, end of period	346	334	3.6%	346	334	3.7%
Number of work days, Norway (excl. vacation)	62	62		249	249	
EBITDA per avg. employee (NOKt)	28.3	53.2	(46.9%)	164.7	216.6	(24.0%)
EBITDA per avg. employee with former principles (NOKt)	22.9	53.2	(57.0%)	149.8	216.6	(30.8%)

Q4 and Full Year Highlights

- Norway accounts for 86 % of total revenues
- Revenues in Q4 up 1.1% year-over-year
- EBITDA in Q4 down by NOK 7.8m year-over-year (NOK 9.6m with IAS 17)
- Revenues FY 2019 unchanged from FY 2018
- FY 2019 EBITDA down by NOK 19.8m from FY 2018 (NOK 24.8m with IAS 17)
- The positive effect of the implementation IFRS 16 on EBITDA was NOK 1.8m for Q4 and NOK 5.0m for 2019

Financial Review

Sweden

NOK million	Q4 2019	Q4 2018	Y/Y % growth	FY 2019	FY 2018	Y/Y % growth
Sales revenues	24.7	24.8	(0.4%)	90.2	92.8	(2.8%)
EBITDA	2.3	0.0	n.m.	4.9	3.5	41.4%
EBITDA margin	9.4%	0.2%		5.4%	3.7%	
EBITDA with former principles for leasing (IAS 17)	0.8	0.0	n.m.	2.2	3.5	(35.5%)
EBITDA margin with former principles (IAS 17)	3.4%	0.2%		2.5%	3.7%	
Number of employees, average (FTE)	62	58	6.3%	61	59	3.0%
Number of employees, end of period	63	60	4.2%	63	60	5.0%
Number of work days, Sweden (excl. vacation)	62	62		251	251	
EBITDA per avg. employee (NOKt)	37.3	0.8	n.m.	80.5	58.7	37.2%
EBITDA per avg. employee with former principles (NOKt)	13.6	0.8	n.m.	36.7	58.7	(37.4%)

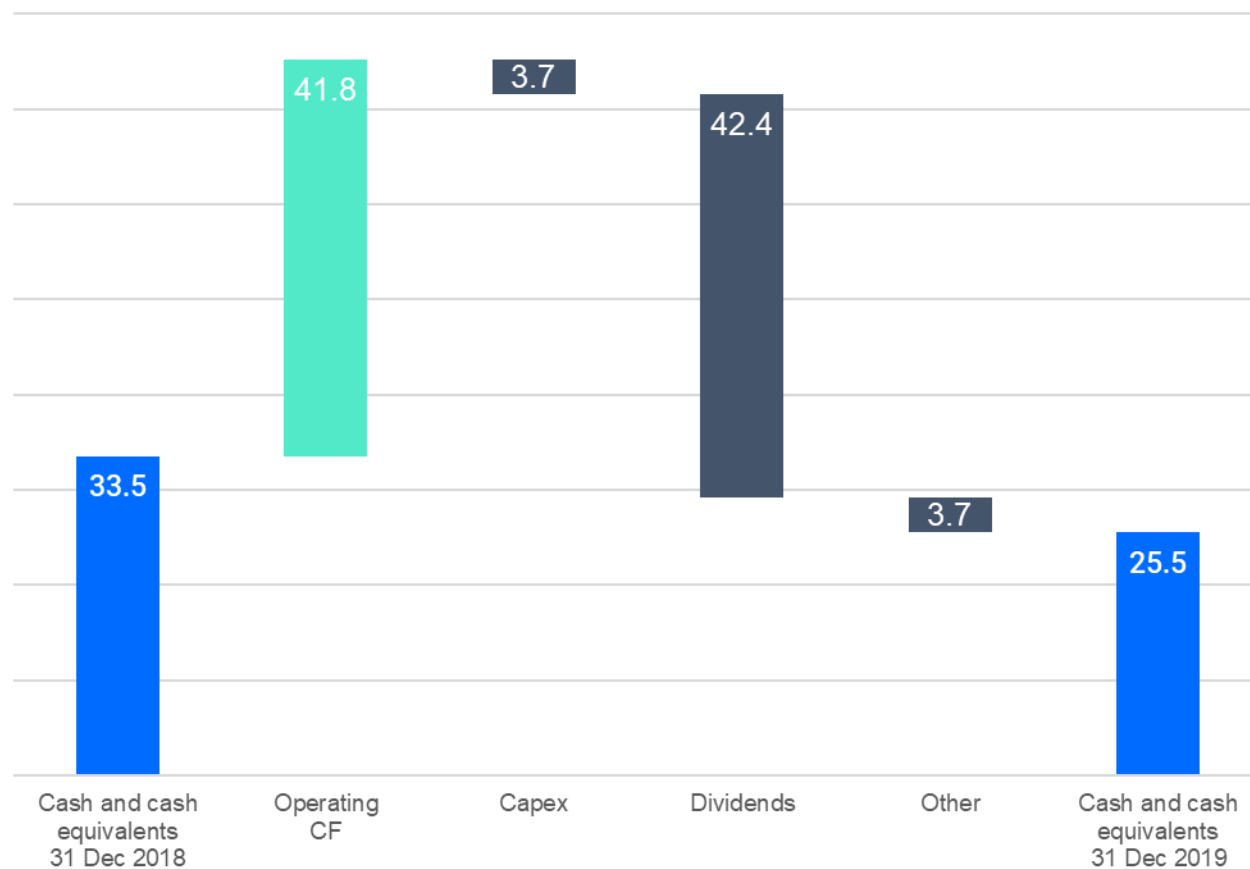
Q4 and Full Year Highlights

- Sweden accounts for 14 % of total revenues
- Revenues in Q4 down 0.4% year-over-year (down 1.1% constant currency)
- EBITDA in Q4 up by NOK 2.3m year-over-year (up NOK 0.8m with IAS 17)
- Revenues FY 2019 down 2.8% year-over-year (down 2.0 % constant currency)
- FY 2019 EBITDA up by NOK 1.4m year-over-year (down NOK 1.3m with IAS 17)
- The positive effect of the implementation IFRS 16 on EBITDA was NOK 1.5 million for Q4 and NOK 2.7 million for 2019

Financial Review

Cash Flow and Net Debt position

Cash flow bridge



2019 Highlights

- Operating cash flows affected by change in trade receivables and other liabilities, and reduced profit
- Capex relates to office equipment and upgrading of office space
- Leasing liabilities (office rentals and company cars in Sweden) amounted to NOK 37.2 million at year-end (not included in NIBD)
- Liquidity reserve of NOK 110 million

NOK million

	31 Dec 2019
Cash and cash equivalents*	(25.5)
Restricted cash	0.8
Debt to credit institutions	-
Net interest bearing debt (NIBD)	(24.7)
NIBD/EBITDA (rolling 12 months)	(0.47)

*Negative indicates positive amount

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Financial Review

Outlook

- Continued high demand for IT expert services:
 - Webstep has a robust order book into 2020
 - Growing pipeline for Webstep Solutions
- Growth in headcount expected to continue in Q1
- Higher average number of employees and reduced dependency of subcontractors compared to Q1 2019
- Utilisation expected to remain high
- Overall long-term ambition remains unchanged: Profitable growth and EBITDA margin above the average market levels



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APPENDIX

Appendix

Consolidated Income Statement

NOK million	Q4 2019	Q4 2018	FY 2019	FY 2018
Total revenues	176.8	175.3	660.5	663.2
Cost of services and goods	(22.6)	(25.4)	(84.2)	(70.6)
Salaries and personnel cost	(129.3)	(119.3)	(474.2)	(470.8)
Depreciation and amortisation	(4.2)	(1.0)	(11.3)	(2.9)
Other operating expenses	(12.8)	(13.1)	(41.7)	(42.9)
Operating profit (loss)	7.8	16.5	49.1	75.9
Net financial items	(0.7)	(0.6)	(2.5)	(2.3)
Profit before tax	7.1	15.9	46.6	73.5
Income tax expenses	(1.9)	(4.1)	(10.6)	(17.3)
Profit for the period	5.2	11.8	36.1	56.2
Earnings per share (NOK)	0.20	0.45	1.36	2.13
Earnings per share, fully diluted (NOK)	0.20	0.45	1.36	2.12
Other comprehensive income:				
Currency translation differences	1.5	4.0	(2.0)	(2.1)
Other comprehensive income for the period, net of tax	1.5	4.0	(2.0)	(2.1)
Total comprehensive income for the period, net of tax	6.7	15.8	34.1	54.1

Appendix

Consolidated Statement of Financial Position

NOK million	31.12.2019	31.12.2018
ASSETS		
Intangible assets	384.5	387.8
Fixed assets	5.9	5.0
Right-of-use assets	37.2	-
Non-current financial assets	0.0	0.0
Deferred tax asset	0.5	0.4
Total non-current assets	428.1	393.3
Trade receivables	104.8	103.3
Other current receivables	7.1	5.0
Cash and short-term deposits	25.5	33.5
Total current assets	137.4	141.7
Total assets	565.4	535.0

NOK million	31.12.2019	31.12.2018
EQUITY		
Share capital	27.0	27.0
Treasury shares	(0.3)	(0.5)
Share premium	156.9	154.0
Retained earnings	188.1	196.1
Total equity	371.6	376.6
LIABILITIES		
Non-current leasing liabilities	28.3	-
Deferred tax	1.5	1.8
Total non-current liabilities	29.9	1.8
Current leasing liabilities	8.8	-
Trade and other payables	18.9	21.6
Tax payable	8.6	16.5
Social taxes and VAT	56.4	53.7
Other short-term debt	71.2	64.9
Total current liabilities	163.9	156.7
Total liabilities assets	565.4	535.0

Appendix

Consolidated Statement of Changes in Equity

NOK million	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
At 1 January 2018	27.0	(0.6)	149.8	12.4	169.2	357.7	-	357.7
Profit for the period	-	-	-	-	56.2	56.2	-	56.2
Sales treasury shares	-	0.1	3.0	-	-	3.1	-	3.1
Other comprehensive income/(loss)	-	-	-	(2.1)	-	(2.1)	-	(2.1)
Shared incentive program	-	-	1.1	-	-	1.1	-	1.1
Dividends	-	-	-	-	(39.5)	(39.5)	-	(39.5)
At 31 December 2018	27.0	(0.5)	154.0	10.3	185.9	376.6	-	376.6
Profit for the period	-	-	-	-	36.1	36.1	-	36.1
Sales treasury shares	-	0.2	4.3	-	-	4.5	-	4.5
Other comprehensive income/(loss)	-	-	-	(2.0)	-	(2.0)	-	(2.0)
Shared incentive program	-	-	(1.4)	-	0.2	(1.2)	-	(1.2)
Dividends	-	-	-	-	(42.4)	(42.4)	-	(42.4)
At 31 December 2019	27.0	(0.3)	156.9	8.3	179.7	371.6	-	371.6

Appendix

Consolidated Statement of Cash Flow

NOK million	Q4 2019	Q4 2018	FY 2019	FY 2018
Operating activities				
Profit/(loss) before tax	7.1	15.9	46.6	73.5
Adjustments for:				
Depreciation of property, plant and equipment	4.2	1.0	11.3	2.9
Net change in trade and other receivables	(0.3)	33.2	(3.6)	20.9
Net change in other liabilities	17.4	18.8	6.3	2.8
Net foreign exchange differences	0.3	(0.3)	(0.2)	(0.2)
Income tax expenses	(10.0)	(0.5)	(18.7)	(8.0)
Net cash flow from operating activities	18.6	68.1	41.8	91.9
Investing activities				
Payments for R&D initiative	-	(0.8)	0.0	(2.8)
Purchase of property and equipment	(1.3)	(0.7)	(3.7)	(2.7)
Net cash flow from investing activities	(1.3)	(1.6)	(3.7)	(5.5)
Financing activities				
Repayment of lease liabilities	(3.1)	-	(7.1)	-
Change in bank overdraft	-	(41.5)	-	(24.3)
Payment of dividends	-	-	(42.4)	(39.5)
Sale of treasury shares	2.5	4.3	3.3	4.3
Net cash flows from financing activities	(0.6)	(37.3)	(46.1)	(59.6)
Net increase/(decrease) in cash and cash equivalents	16.6	29.2	(8.0)	26.9
Cash and cash equivalents beginning of the period	8.9	4.2	33.5	6.6
Cash and cash equivalents at the end of the period	25.5	33.5	25.5	33.5

Appendix

IFRS 16 Leasing - Effects of implementation

NOK million	IFRS 16 Q4 2019	IAS 17 Q4 2019	Q4 2018	IFRS 16 FY 2019	IAS 17 FY 2019	FY 2018
Operating revenues	176.8	176.8	175.3	660.5	660.5	663.2
Operating expenses (excl. depreciation and amortisation)	(164.8)	(168.1)	(157.8)	(600.1)	(607.8)	(584.4)
EBITDA	12.0	8.7	17.5	60.4	52.7	78.8
Depreciation and amortisation	(4.2)	(1.1)	(1.0)	(11.3)	(4.3)	(2.9)
EBIT	7.8	7.5	16.5	49.1	48.5	75.9
Net financial items	(0.7)	(0.4)	(0.6)	(2.5)	(1.8)	(2.3)
Profit before tax	7.1	7.1	15.9	46.6	46.6	73.5
	IFRS 16 31.12.2019	IAS 17 31.12.2019	31.12.2018			
Fixed assets	43.1	5.9	5.0			
Non-current leasing liabilities	28.3	-	-			
Current leasing liabilities	8.8	-	-			
Total assets/Total equity and liabilities	565.4	528.3	535.0			
Total equity	371.6	371.6	376.6			
Equity ratio	65.7 %	70.4 %	70.4 %			

Appendix

Alternative Performance Measures (1/3)

Webstep discloses alternative performance measures as a supplement to the financial statements prepared in accordance with IFRS. Webstep believes that the alternative performance measures provide useful supplemental information to management, investors, equity analysts and other stakeholders. These measures are commonly used and are meant to provide an enhanced insight into the financial development of Webstep's business operations and to improve comparability between periods.

- **EBITDA** is short for Earnings before Interest and other financial items, Taxes, Depreciation and Amortisation and is a term commonly used by equity analysts and investors.
- **EBITDA per employee** is Earnings before Interest and other financial items, Taxes, Depreciation and Amortisation divided by the average number of employees.
- **NIBD** is short for Net Interest Bearing Debt and is defined as interest bearing debt minus unrestricted cash and cash equivalents. Net Interest Bearing Debt does not include the effects of IFRS 16 Leasing.
- **Group equity ratio** is defined as the total consolidated equity of the Group divided by total assets.
- **NIBD/EBITDA** is calculated as Net Interest Bearing Debt divided by Earnings before Interest and other financial items, Taxes, Depreciation and Amortisation (EBITDA). The ratio is one of the debt covenants of the Company and it is based on the rolling twelve months EBITDA. If the Company has more cash than debt, the ratio can be negative. The leverage ratio does not include the effects of IFRS 16 Leasing, as covenants are based on frozen GAAP.

Appendix

Alternative Performance Measures (2/3)

NOK million	Q4 2019	Q4 2018	FY 2019	FY 2018
Profit measures – EBITDA				
Operating profit	7.8	16.5	49.1	75.9
Depreciation and amortisation	4.2	1.0	11.3	2.9
EBITDA	12.0	17.5	60.4	78.8
Profit measures – EBITDA				
Operating profit IFRS 16 (2019)	7.8	-	49.1	-
Depreciation and amortization IFRS 16 (2019)	4.2	-	11.3	-
EBITDA IFRS 16	12.0	-	60.4	-
Operating profit IAS 17 (former principle for leasing recognition)	7.6	16.5	48.5	75.9
Depreciation and amortization IAS 17 (former principle for leasing recognition)	1.1	1.0	4.3	(2.9)
EBITDA IAS 17 (former principle for leasing recognition)	8.7	17.5	52.7	78.8
Difference EBITDA IFRS 16 and IAS 17	3.3	-	7.7	-
Reconciliation of differences to EBITDA				
Rental expenses recognized as depreciation and interest expenses	3.3	-	7.7	-
Rental expenses recognized as depreciation	3.0	-	7.0	-

Appendix

Alternative Performance Measures (3/3)

NOK million	31 Dec 2019	31 Dec 2018
Net interest bearing debt (NIBD)		
Cash and cash equivalents (negative indicates positive amount)	(25.5)	(33.5)
Restricted cash	0.8	0.5
Debt to credit institutions	-	-
Net interest bearing debt	(24.7)	(33.0)
Group equity ratio		
Total equity	371.6	376.6
Total assets	565.4	535.0
Group equity ratio	0.66	0.70
<i>Group equity ratio covenant threshold >0.3</i>		
NIBD/EBITDA		
EBITDA rolling 12 months	52.7	78.8
NIBD	(24.7)	(33.0)
NIBD/EBITDA	(0.47)	(0.42)
<i>NIBD/EBITDA covenant threshold <3</i>		

Appendix

Top 20 shareholders at 7 Februar 2020

Shareholder name	Shares	%	Type	Country
J.C. Broch AS and related parties	6,848,350	25.4%	Ordinary	Norway
Virtus KAR International Small-Cap	3,119,279	11.6%	Ordinary	United States
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,556,645	5.8%	Ordinary	Norway
HANDELSBANKEN Nordiska Smabolag	1,000,114	3.7%	Ordinary	Sweden
JAKOB HATTELAND HOLDING AS	1,000,000	3.7%	Ordinary	Norway
PARK LANE FAMILY OFFICE AS	840,791	3.1%	Ordinary	Norway
Goldman Sachs International	783,058	2.9%	Nominee	United Kingdom
VERDIPAPIRFONDET NORDEA NORGE VERD	685,000	2.5%	Ordinary	Norway
Danske Invest Norge Vekst	542,000	2.0%	Ordinary	Norway
Citibank, N.A.	488,491	1.8%	Nominee	Ireland
SALT VALUE AS	404,123	1.5%	Ordinary	Norway
SEB PRIME SOLUTIONS CARN Long Shor	400,000	1.5%	Ordinary	Luxembourg
NWT MEDIA AS	390,000	1.4%	Ordinary	Norway
NORDEA NORWEGIAN STARS FUND	334,292	1.2%	Ordinary	Finland
Taaleri Nordic Value Equity Fund	320,000	1.2%	Ordinary	Finland
AMG RENAISSANCE INTL EQ FD	308,097	1.1%	Ordinary	United States
VIOLA AS	300,000	1.1%	Ordinary	Norway
WEBSTEP ASA	293,633	1.1%	Ordinary	Norway
VIRTUS TACTICAL ALLOCATION FUND	282,917	1.0%	Ordinary	United States
EMPLOYEES RETIR SYSTEM OF TEXAS	225,741	0.8%	Ordinary	United States
Top 20 shareholders	20,122,531	74.6%		
Other	6,844,486	25.4%		
Total share outstanding	26,967,017	100.0%		

Disclaimer

This presentation contains statements regarding the future in connection with Webstep's growth initiatives, profit figures, outlook, strategies and objectives. The forward-looking statements are based on the current group structure and accounting standards as of 31 December 2019. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.