

# First Quarter Results 2020

**Webstep ASA**

Oslo | 27 May 2020

Arne Norheim (CEO)  
Liv Annike Kverneland (CFO)

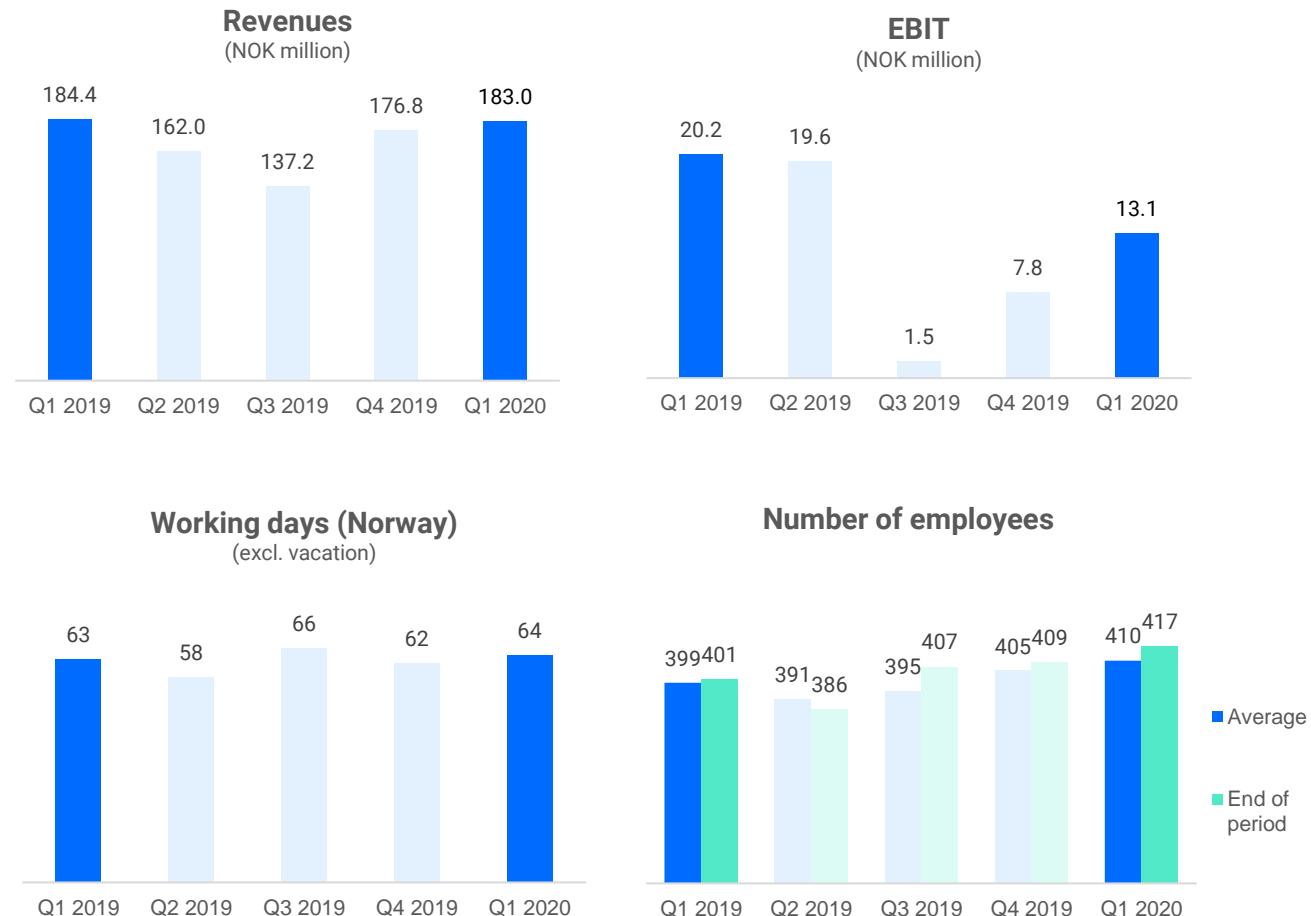


1. Q1 Highlights
2. Business Review
3. Financial Review
4. Outlook



# Q1 HIGHLIGHTS

- Revenues of NOK 183.0 million (NOK 184.4 million). The COVID-19 outbreak had an estimated negative effect on revenues of at least NOK 3 million
- EBIT of NOK 13.1 million (NOK 20.2 million)
- Positive development in Sweden with revenue increase of 14.0% (constant currency) and EBIT margin of 8.9% (2.7%)
- Investments in Webstep Solutions have started to yield results
- The Webstep employees have shown a remarkable ability to keep up the service level to the customers throughout the lock-down period
- The board of directors will await further developments before potentially deciding to resolve a dividend for the financial year 2019



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## Business Review

# Investing for growth

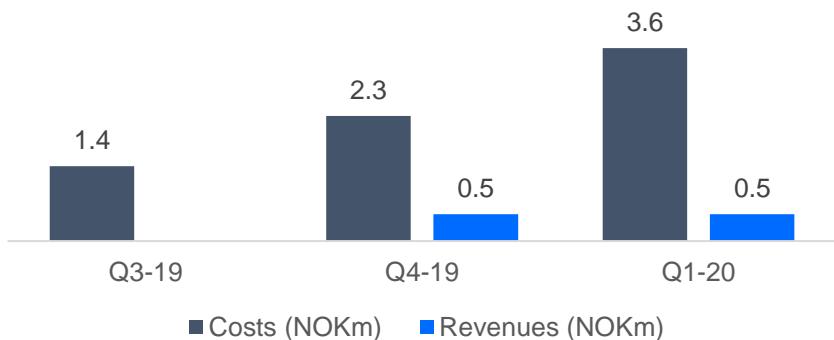
### Expert Services

- Expert services growing in all regional offices
- Stabilized capital regions (Oslo and Stockholm)
- Recruiting capacity in place across all regions



### Solutions

- Investments in Solutions as new growth engine for Webstep
  - NOK 3.6 million in Q1 costs
- Product development
  - Analytic Tool for population information for municipality
    - ✓ First agreement signed -> Recurring revenues
  - Climate Portal for municipality
    - ✓ First agreement signed -> Recurring revenues
  - Control Platform for "Smart buildings"
    - ✓ Partnership with GK in place



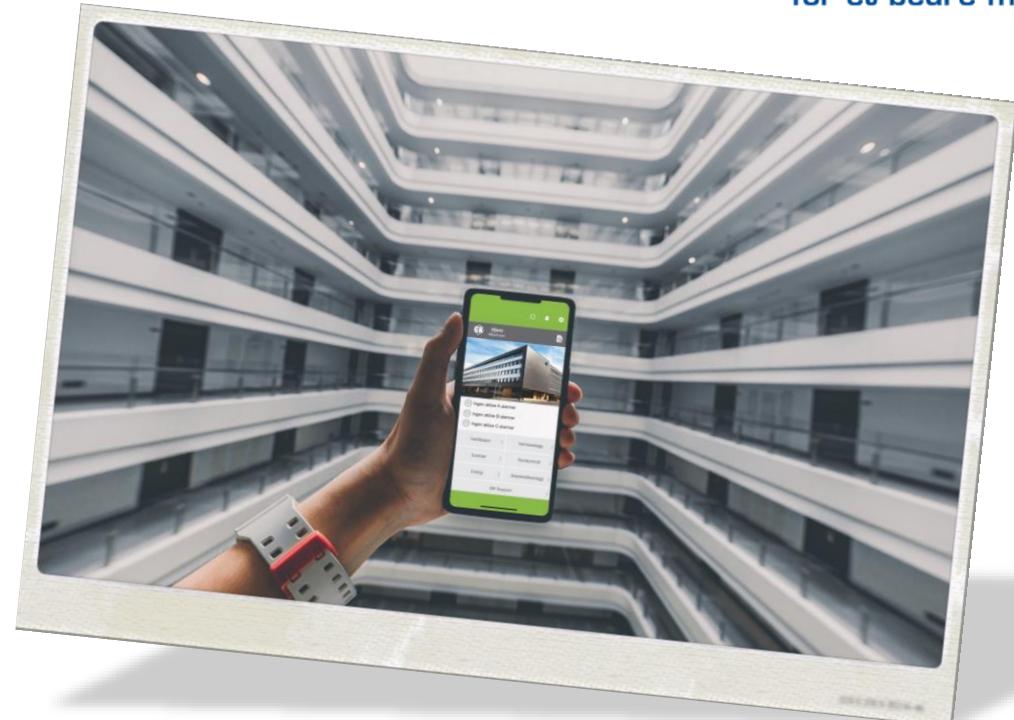
## Business Review

# Strategic partnership with GK

- GK is Scandinavia's leading end-to-end technical facility manager and contractor
- Webstep will collaborate with GK to develop a building management solution that can visualize data from related systems
- The solutions will allow for various data flows to be merged in order to gain new insights
- Customer value provided from solutions developed:
  - Improved resource management
  - Process automation and increased control
  - Lower maintenance costs
  - Increased insight



- for et bedre miljø

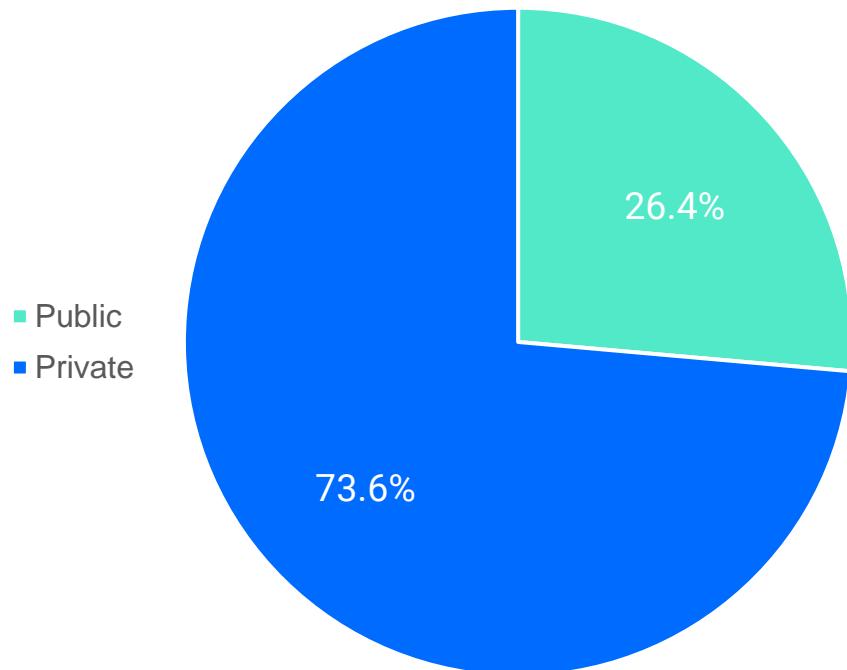


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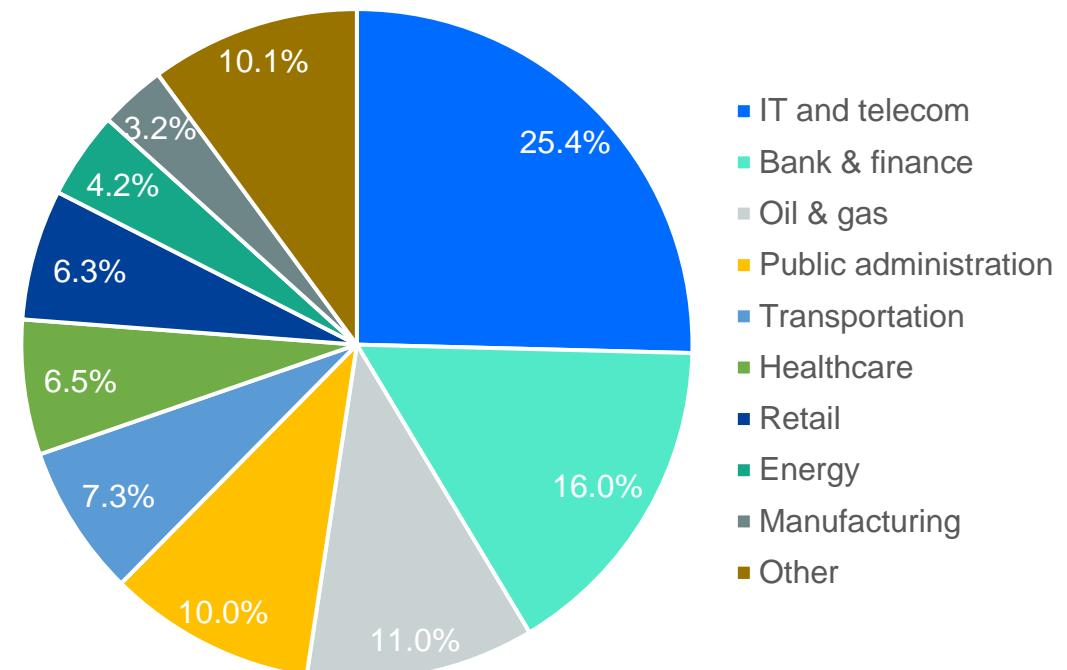
## Business Review

# A diversified customer base

Public and Private Sectors Q1 2020



Business Sectors Q1 2020



Top 10 customers represent 30.2% of total revenues – up from 29.5% in Q1 2019

## Business Review

# Customer cases showing innovative utilisation of technology

**Norwegian Air Shuttle** works to make air transportation more affordable

- Trusted advisor to Norwegian
- Working to support the IT transformation processes and develop the cloud infrastructure platform
- Webstep consultants remain engaged to keep critical IT systems running during the COVID-19 situation



**Larvik** is a Norwegian municipality and regional entity with about 50K inhabitants

- Webstep has been asked to develop an automated reporting system to visualize key population metrics and changes in demography
- End-to-end project that will result in a data analytics platform and a digital dashboard to get improved insights
- Solution will be hosted on a cloud platform and made available for other municipalities during autumn 2020



## Business Review

# Customer cases showing innovative utilisation of technology

**Norgeshus** delivers pre-manufactured houses and buildings

- Webstep has delivered an award-winning cloud-based sales and project management tool for their 120+ partners
- To allow for more efficient transactions Webstep has created a digital signature solution where documents can be signed electronically
- Full access and integration with an external repository for digital contracts speeding up the sales process



**Björn Lundén** delivers software solutions and services

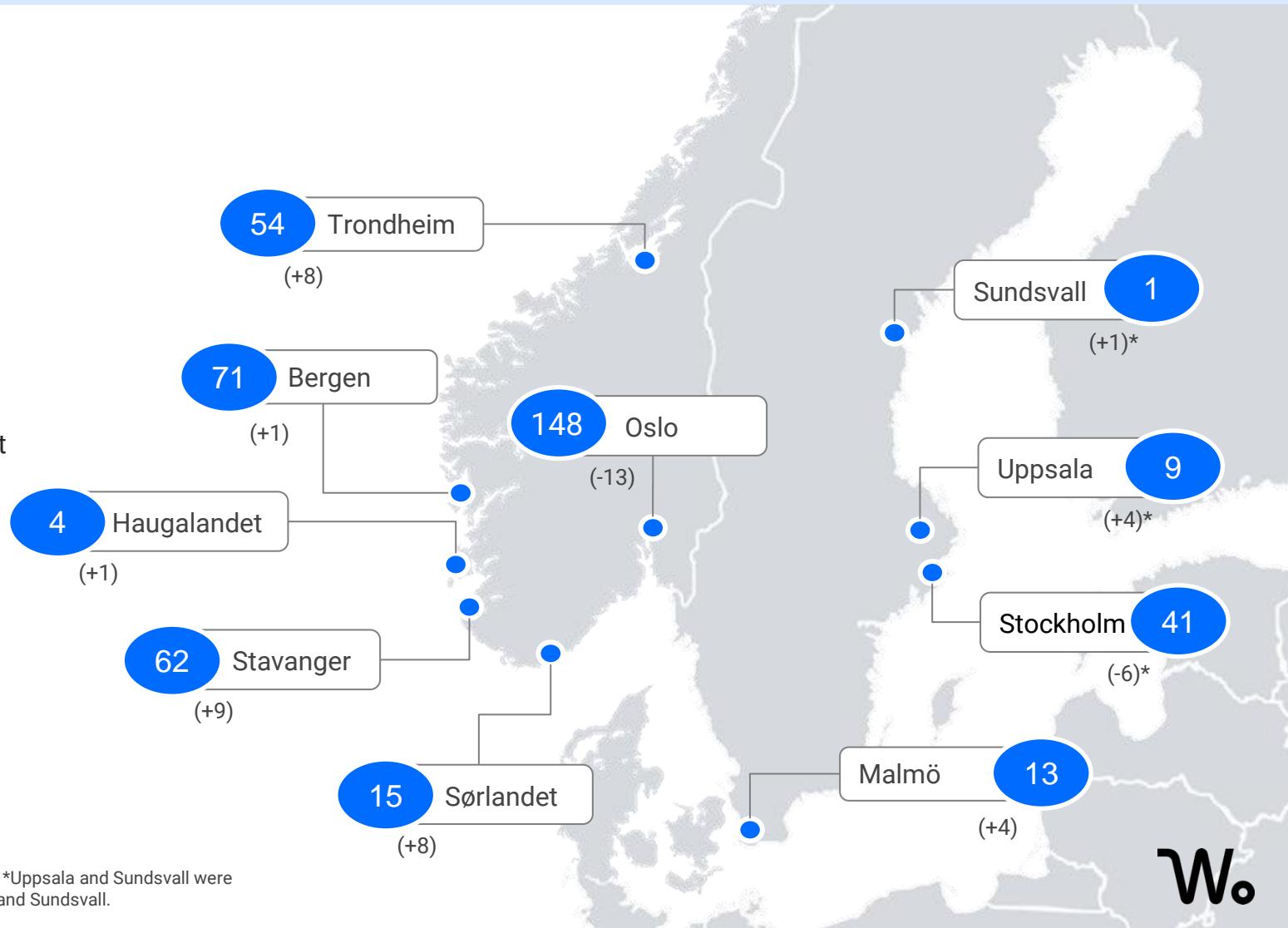
- Webstep working on a digitalization project integrating 10.000 SQL databases and using cutting edge technology
- Objective is to create an AI-based advisor that can improve resource management and give a better overview of ongoing activities



## Business Review

# Organization and operations

- 417 employees at the end of Q1 2020
  - Up 8 from year-end 2019
  - Up 16 last 12 months
- Average number of employees in the quarter up 3% from Q1 2019
- Capital regions employee churn stabilized
- COVID-19 status
  - Decentralized model worked well to support both employees and customers during the lockdown
  - Remarkable ability among consultants to keep up the service level to customers
  - Increased used of collab tools and video conferencing
  - Tight follow-up and providing security for our employees
  - No lay-offs or furloughs deployed



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# Financial Review

## Key Figures

NOK million	Q1 2020	Q1 2019	Y/Y % growth	FY 2019
Sales revenues	<b>183.0</b>	184.4	(0.8%)	660.5
EBITDA	<b>16.5</b>	22.3	(26.1%)	60.4
EBITDA margin	<b>9.0%</b>	12.1%		9.1%
EBIT	<b>13.1</b>	20.2	(35.1%)	49.1
EBIT margin	<b>7.1%</b>	10.9%		7.4%
Net profit	<b>9.6</b>	15.4	(37.9%)	36.1
Net cash flow	<b>13.7</b>	(7.9)	272.8%	(8.0)
Earnings per share (NOK)	<b>0.36</b>	0.58	(0.39)	1.36
Earnings per share, fully diluted (NOK)	<b>0.36</b>	0.58	(0.38)	1.36
Equity ratio	<b>64.8%</b>	66.4%		65.7%
Cash and cash equivalents	<b>39.1</b>	25.6		25.5
Number of employees, average (FTE)	<b>410</b>	399	2.8%	397
Number of employees, end of period	<b>417</b>	401	4.0%	409
EBITDA per average employee (NOK thousand)	<b>40.3</b>	56.0	(28.1%)	152.2
EBIT per average employee (NOK thousand)	<b>32.0</b>	50.7	(36.9%)	132.8

### Q1 Highlights

- Revenue of NOK 183.0 million, 0.8 per cent decrease year-on-year
  - Revenues from own consultants increased by NOK 1.3 million
  - Revenues from subcontractors decreased by NOK 2.7 million
  - COVID-19 impact of at least NOK 3 million
- EBIT of NOK 13.1 million, 35.1 per cent decrease year-on-year
  - Decrease in EBIT mainly driven by COVID-19, net cost effect of Webstep Solutions (NOK 3.1 million) and increased lease costs (NOK 1 million)
- Total equity of NOK 389.3 million (389.1 million)
- Cash flow from operations of NOK 17.2 million (negative NOK 6.4 million)

# Financial Review

## Norway

NOK million	Q1 2020	Q1 2019	Y/Y % growth	FY 2019
Sales revenues	<b>155.4</b>	161.6	(3.8%)	570.3
EBIT	<b>10.6</b>	19.6	(45.9%)	46.7
EBIT margin	<b>6.8%</b>	12.1%		8.2%
Number of employees, average (FTE)	<b>346</b>	339	2.1%	337
Number of employees, end of period	<b>354</b>	341	3.8%	346
Number of work days, Norway (excl. vacation)	<b>64</b>	63		249
EBIT per average employee (NOK thousand)	<b>30.6</b>	57.8	(47.0%)	138.6

### Revenue breakdown

NOK million	Q1 2020	Q1 2019	Y/Y % growth
Oslo	<b>70.1</b>	90.1	(22.2%)
Regional offices	<b>84.8</b>	71.5	18.5%
Solutions	<b>0.5</b>	-	100.0%
<b>Total</b>	<b>155.4</b>	161.6	(3.8%)

### Q1 Highlights

- Norway accounts for 84.9 per cent of consolidated revenues
- Revenue of NOK 155.4 million, 3.8 per cent decrease year-on-year
  - COVID-19 impact (at least NOK 3 million)
  - Revenue growth in regional offices of 18.5 per cent, revenue decrease in Oslo of 22.2 per cent. Oslo accounts for 45.1 per cent of revenues in Norway
- EBIT of NOK 10.6 million, 45.9 per cent decrease year-on-year
  - Decrease in EBIT mainly driven by COVID-19, net cost effect of Webstep Solutions (NOK 3.1 million) and increased lease costs (NOK 1 million)

# Financial Review

## Sweden

NOK million	Q1 2020	Q1 2019	Y/Y % growth	FY 2019
Sales revenues	<b>27.6</b>	22.8	21.3%	90.2
EBIT	<b>2.5</b>	0.6	310.0%	2.4
EBIT margin	<b>8.9%</b>	2.7%		2.7%
Number of employees, average (FTE)	<b>64</b>	60	6.7%	61
Number of employees, end of period	<b>64</b>	60	6.7%	63
Number of work days, Norway (excl. vacation)	<b>63</b>	63		251
EBIT per average employee (NOK thousand)	<b>38.4</b>	10.0	284.4%	39.3

### Q1 Highlights

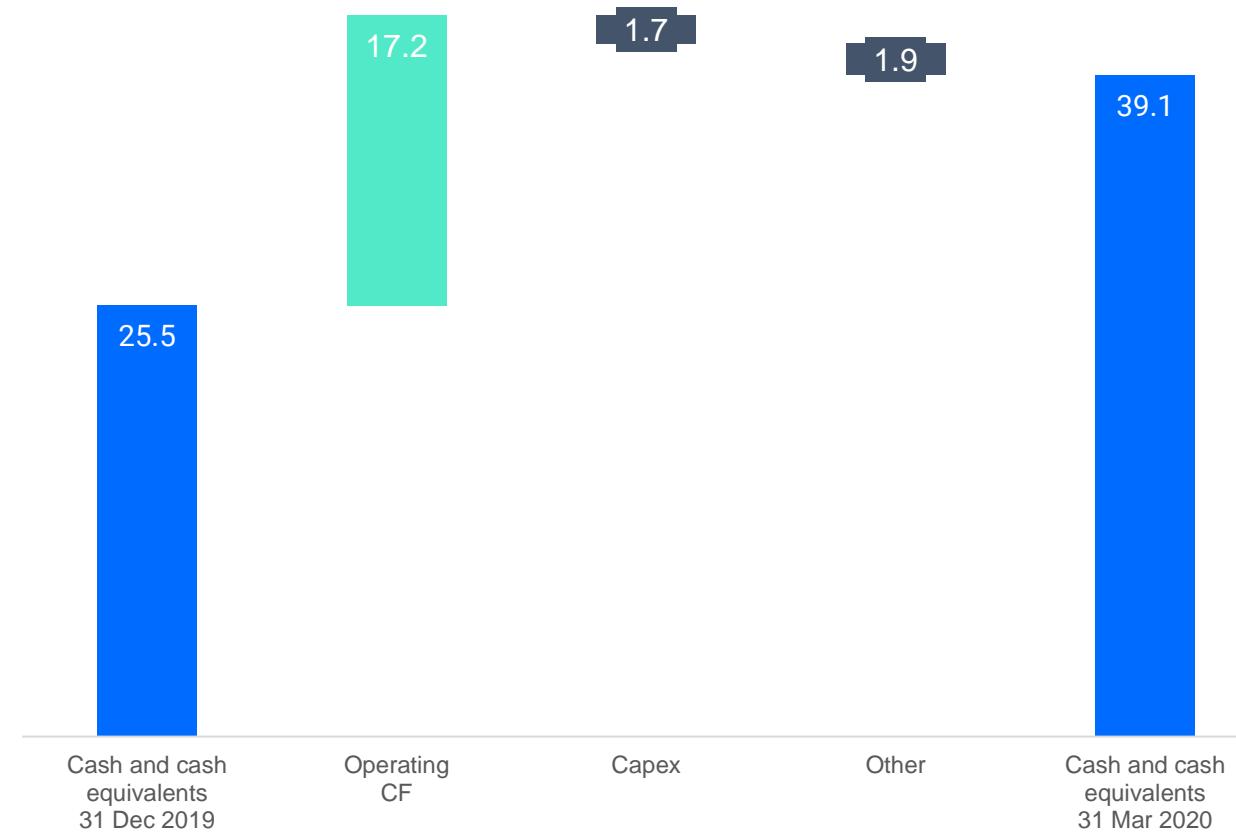
- Sweden accounts for 15.1 per cent of consolidated revenues
- Revenue of NOK 27.6 million, 21.3 per cent growth year-on-year
  - Increase in revenues mainly driven by more employees, higher utilization, increased revenues from subcontractors and a positive currency effect
  - Adjusted for FX fluctuation, revenues grew by 14.0 per cent year-on-year
- EBIT of NOK 2.5 million, up from NOK 0.6 million in Q1 2019

## Financial Review

# Cash Flow and Net Debt position

### Cash flow bridge

NOK million



### 2019 Highlights

- Operating cash flows mainly affected by change in trade receivables and reduced profit
- Capex relates to office equipment and upgrading of office space
- Total lease liabilities of NOK 28.3 million, comprise of office rentals and company cars in Sweden (not included in NIBD)
- Liquidity reserve of NOK 110 million in Norway and SEK 3 million in Sweden per end of quarter

### NOK million

	31 Mar 2020
Cash and cash equivalents*	(39.1)
Restricted cash	0.5
Debt to credit institutions	-
<b>Net interest bearing debt (NIBD)</b>	<b>(38.7)</b>
NIBD/EBITDA (rolling 12 months)	(0.71)

\*Negative indicates positive amount

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## Financial Review

# Outlook

- Difficult to predict the impact of COVID-19 going forward
  - *The crisis creates both opportunities and threats*
  - *Digitization has become even more relevant as a consequence of the social distancing*
  - *Available production hours affected by closed schools and kindergartens in Norway in Q2*
  - *Although the market has slowed down, there is still a demand for IT expert consultants*
- Recruitment:
  - *Webstep has continued to carefully recruit new employees throughout the COVID-19 lock-down period, but the recruitment activities have slowed down*
  - *Headcount is expected to decrease slightly in the second quarter compared to the first quarter, but the average number of employees is expected to be higher than the second quarter of 2019*



# APPENDIX

## Appendix

# Top 20 shareholders at 18 May 2020

Shareholder name	Shares	%	Type	Country
EMBRO EIENDOM AS	7,608,735	28.2%	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	Sweden
JAKOB HATTELAND HOLDING AS	1,000,000	3.7%	Ordinary	Norway
PARK LANE FAMILY OFFICE AS	905,581	3.4%	Ordinary	Norway
Goldman Sachs International	783,058	2.9%	Nominee	United Kingdom
VERDIPAPIRFONDET NORDEA NORGE VERD	685,000	2.5%	Ordinary	United Kingdom
Danske Invest Norge Vekst	542,000	2.0%	Ordinary	Norway
SALT VALUE AS	508,291	1.9%	Ordinary	Norway
Citibank, N.A.	488,491	1.8%	Nominee	Ireland
AMG RENAISSANCE INTL EQ FD	415,000	1.5%	Ordinary	United States
NWT MEDIA AS	390,000	1.4%	Ordinary	Norway
VIOLA AS	380,000	1.4%	Ordinary	Norway
DnB NOR Bank ASA	334,943	1.2%	Ordinary	Norway
J.P. Morgan Bank Luxembourg S.A.	334,292	1.2%	Nominee	United Kingdom
Taaleri Nordic Value Equity Fund	320,000	1.2%	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
VERDIPAPIRFONDET NORDEA AVKASTNING	225,383	0.8%	Ordinary	United Kingdom
<b>Top 20 shareholders</b>	<b>20,398,989</b>	<b>75.6%</b>		
Other	6,568,028	24.4%		
<b>Total share outstanding</b>	<b>26,967,017</b>	<b>100.0%</b>		

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