Webstep ASA: Second quarter results 2020

Oslo 26 August 2020: Webstep ASA reports revenue growth and increased margin for the second quarter 2020. Revenues for the second quarter increased to NOK 172.4 million (NOK 162.0 million), EBIT increased to NOK 23.2 million (NOK 19.6 million), and the EBIT-margin increased to 13.5 per cent (12.1 per cent).

Revenues were positively affected by increased headcount and higher hourly rates, but the growth has been partly offset by decreased revenues from subcontractors. The COVID-19 outbreak affected revenues negatively by approximately NOK 10 million in the second quarter, mainly due to the increase in personal leave among the employees following the closing of schools and kindergartens in Norway, but also due to some abruptly cancelled or postponed projects.

For the first half year, Webstep had revenues of NOK 355.4 million compared to NOK 346.5 million in the same period last year. For the same period, EBIT ended at NOK 36.3 million, compared to NOK 39.8 million the first six months of 2019.

"I am pleased to see revenue growth and solid financial results during these uncertain times. Our employees and our customers have shown a remarkable ability to adapt to the situation", says Arne Norheim, CEO of Webstep ASA.

Webstep's operating costs, including depreciation, came to NOK 149.2 million for the second quarter, compared with NOK 142.4 million in the same period of 2019. That represents an increase of 4.7 per cent.

Net profit for the second quarter was NOK 17.7 million (NOK 14.8 million).

The financial position 30 June was strong, with total equity of NOK 407.2 million (NOK 361.0 million), corresponding to an equity ratio of 68.7 per cent (64.1 per cent). Cash and cash equivalents 30 June were NOK 50.8 million (NOK 5.7 million) and the Group had an unutilized revolving credit facility of NOK 110.0 million in Norway and SEK 5.0 million in Sweden.

The ongoing projects and newly won contracts build a solid foundation for future growth. Webstep has continued to carefully recruit new employees throughout the COVID-19 lock-down period, but the recruitment activities slowed down during the second quarter. Recruitment activities will pick up after the summer months to further strengthen the organization and enhance revenue growth.

"I feel confident that we have taken the right steps to make Webstep even more relevant and attractive for both customers and employees. The digital shift has accelerated in certain industries, which creates exciting opportunities for our IT experts", says Arne Norheim.

There is still a global uncertainty with regard to the short- and long-term effects of the COVID-19 outbreak, but Webstep expects that the demand for IT expert services will continue to increase in the second half of 2020 and into 2021. The current outlook and financial position support a 2019 dividend payout, and the Board maintains its intention to distribute dividends to shareholders in 2020.

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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.The Webstep Group employs approximately 400 employees in Norway and Sweden. The company offers its services to more than 200 customers annually and has been recognised for its work environment.