

Webstep Q1 2019: All-time high revenues

Webstep reports 5.5 per cent revenue growth in the first quarter of 2019, with 9.4 per cent growth in the Norwegian market alone. The order book remains strong and recruitment remains a number-one priority to meet the continued high demand for IT expertise.

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“Webstep’s employees have delivered an impressive first quarter with record high revenues. I have just joined a great company with a strong market position and exciting opportunities ahead. We are privileged to operate in a growth market and will strive to satisfy our customers’ increasing demands by attracting and retaining experienced technology experts”, says CEO Arne Norheim.

Webstep ASA (“the Group” or “Webstep”) recorded consolidated all-time high revenues in the first quarter of 2019, amounting to NOK 184.4 million, up 5.5 per cent from the same quarter last year. Revenues grew by 9.4 per cent in the Norwegian market.

EBITDA for the first quarter amounted to NOK 22.3 million, down 6.6 per cent from NOK 23.9 million in the corresponding quarter of 2018. Main reasons for the reduced EBITDA are increased use of subcontractors and CEO recruitment costs. The EBITDA-margin ended at 12.1 per cent, compared to 13.7 per cent in the first quarter of 2018.

The new reporting standard IFRS 16 Leases was implemented on 1 January 2019 and had a positive EBITDA effect of NOK 1.2 million. Such effects will be recurring effects, as lease costs have been reclassified from operating expenses to depreciation and finance costs following the new reporting standard. Net profit for the first quarter was NOK 15.4 million, down from NOK 17.7 million in the same quarter last year.

The financial position remains strong, with cash and short-term deposits of NOK 25.6 million (NOK 7.5 million), no interest bearing debt and total equity at 31 March of NOK 389.1 million (NOK 371.1 million), corresponding to an equity ratio of 66 per cent (69 per cent) before the provision for dividend of NOK 1.60 per share, which was approved by the Annual General Meeting 8 May 2019. Cash flow from operations in the first quarter was NOK -6.4 million, compared to NOK 23.9 million last year. The reduction is mainly explained by calendar effects related to which weekday receivables are falling due.

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 Group’s strong emphasis on sharing knowledge and expertise across the organisation, which is also strengthening the offering to existing and new clients in all Webstep locations. On 31 January 2019, Webstep announced that Arne Norheim was appointed new CEO of the Webstep Group, assuming the position on 2 May 2019.

The Group’s great work environment and internal culture has once again been confirmed by the feedback from the employees in the Great Place to Work® survey. Webstep enjoyed high rankings in both Norway and Sweden in the 2019 awards. Webstep aims to maintain a position among the preferred employers for IT professionals in all its geographical locations. This focus is key in order to succeed with the organic growth and recruitment strategies in 2019.

The geographical expansion continued in the first quarter, with the opening of a new Webstep office in Sundsvall, Sweden.

The general outlook for 2019 is positive. Webstep has a strong market position, a solid financial position and a very robust order book. Demand is high and hourly rates are increasing, but growth capacity in 2019 will be challenged by an already high utilisation and the continuously challenging market conditions for recruitment of IT experts.

"Although our growth capacity is limited in the short term, there should be no doubt that our overall and long-term goals remain the same; to outperform the market in both growth and profitability", says Norheim.

Webstep has identified several measures to re-establish growth capacity, hereunder new measures to retain employees, strengthen recruitment capacity, and leverage new geographic expansions. The company also intends to pursue inorganic growth opportunities and continue strengthening the partnerships with world-leading technology platforms. These initiatives are expected to contribute to building a new and robust platform for future growth, which supports Webstep's long-term ambitions.

Contact details for further information:

Arne Norheim CEO / Liv Annike Kverneland CFO

Cell IR/CFO: +47 911 51 110

Email: ir@webstep.com

Website: www.webstep.com

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. The Webstep Group employs approximately 400 employees in Norway and Sweden, of which more than 360 are expert consultants. 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.