

Q4 and full year **2017**

PRESENTATION

Webstep ASA

OSLO, 15 FEBRUARY 2018

Kjetil Eriksen, CEO
Anders Løken, CFO

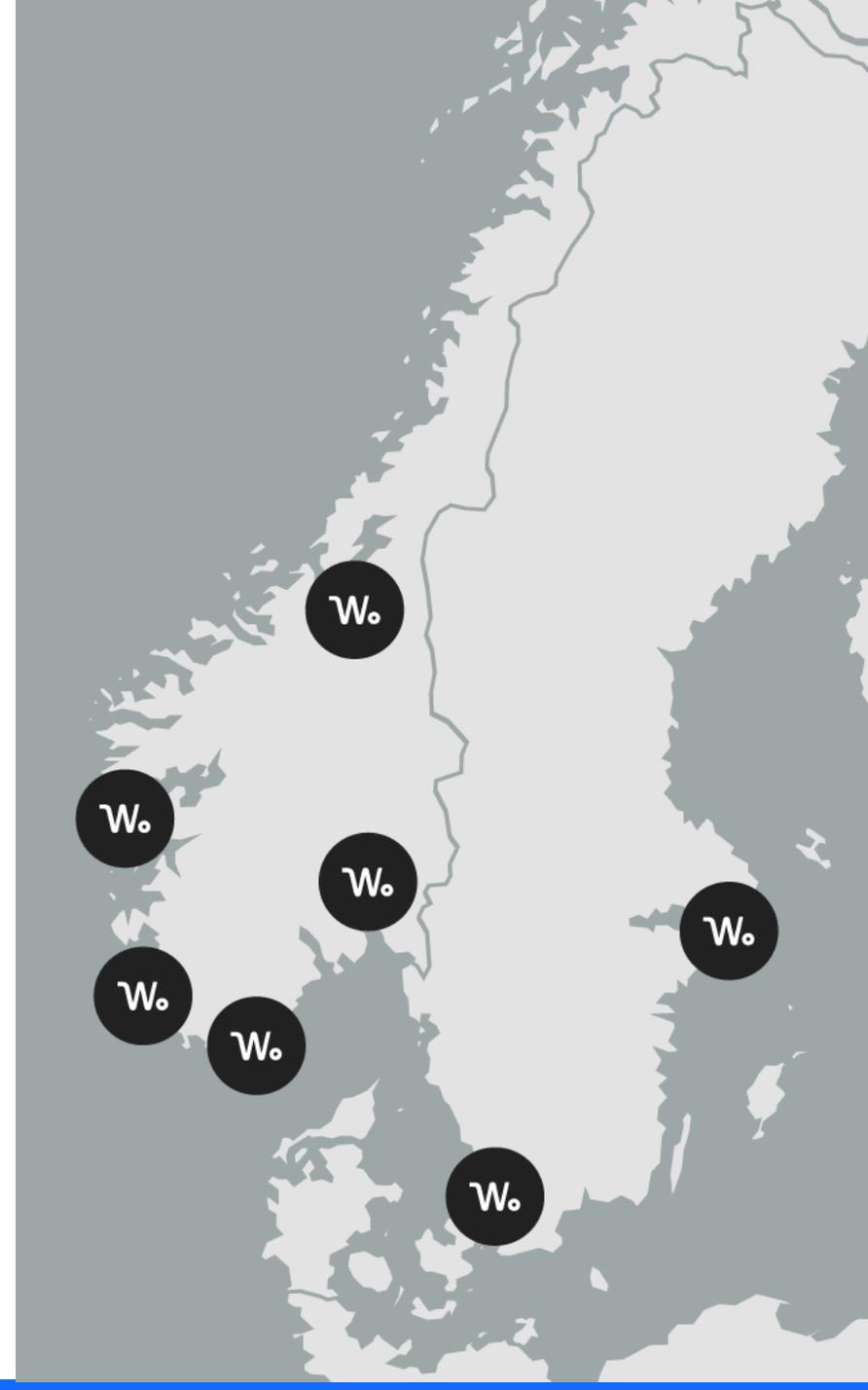


1. **Highlights**
2. Business review
3. Financial review
4. Outlook
5. Q&A

Q4 AND 2017 HIGHLIGHTS

- Revenue growth in line with expectations
 - +10.7% for Q4
 - +6.0% for 2017
- EBITDA margin impacted by non-recurring costs
 - Q4 and FY EBITDA margin excl. non-recurring costs of 11.8% and 11.9% respectively
 - Q4 and FY EBITDA margin incl. non-recurring costs of 3.1% and 9.5% respectively
- Continued successful recruitment, securing further growth capacity
- Strong financial position support dividend proposal of NOK 1.50 per share, representing more than 117% per cent of annual net profit

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

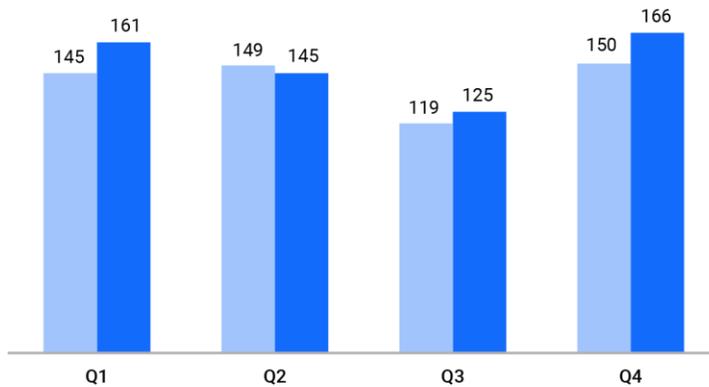


CAPACITY AND SEASONALITY

KEY VALUE DRIVERS

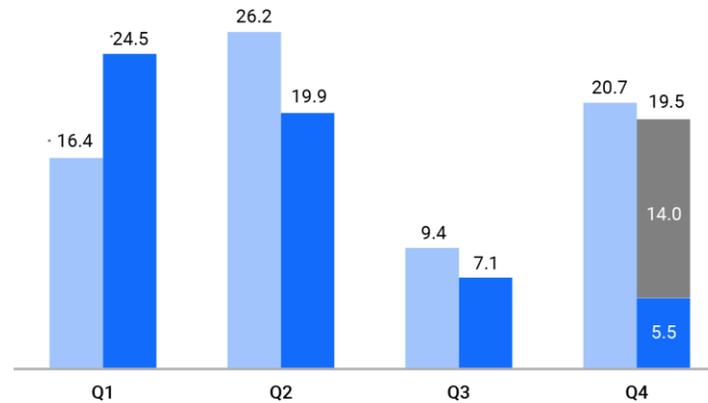
Revenues by quarter

■ 2016 ■ 2017



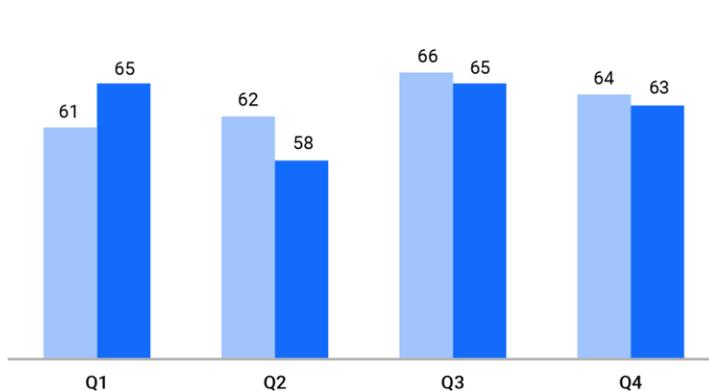
EBITDA by quarter

■ 2016 ■ 2017 ■ 2017 adjusted



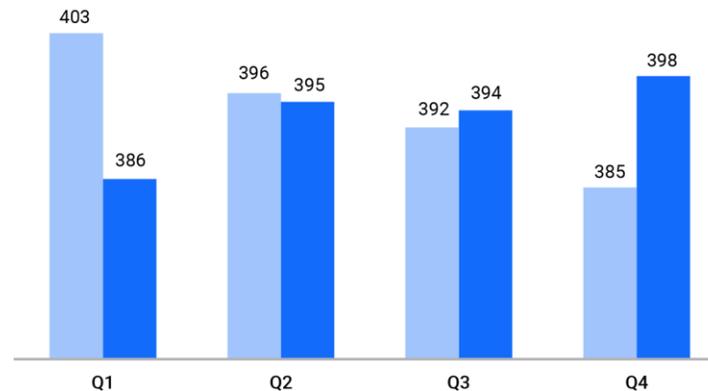
Working days by quarter, Norway (excl. vacation)

■ 2016 ■ 2017



Average number of employees by quarter

■ 2016 ■ 2017



Highlights Q4 and FY17

- Solid organic revenue growth
- Growth in number of consultants
- Continued high utilization
- Increased hourly rates

Other comments:

- Recruitment activity is accompanied by onboarding costs
- EBITDA impacted by non-recurring cost¹⁾ in Q4-17

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

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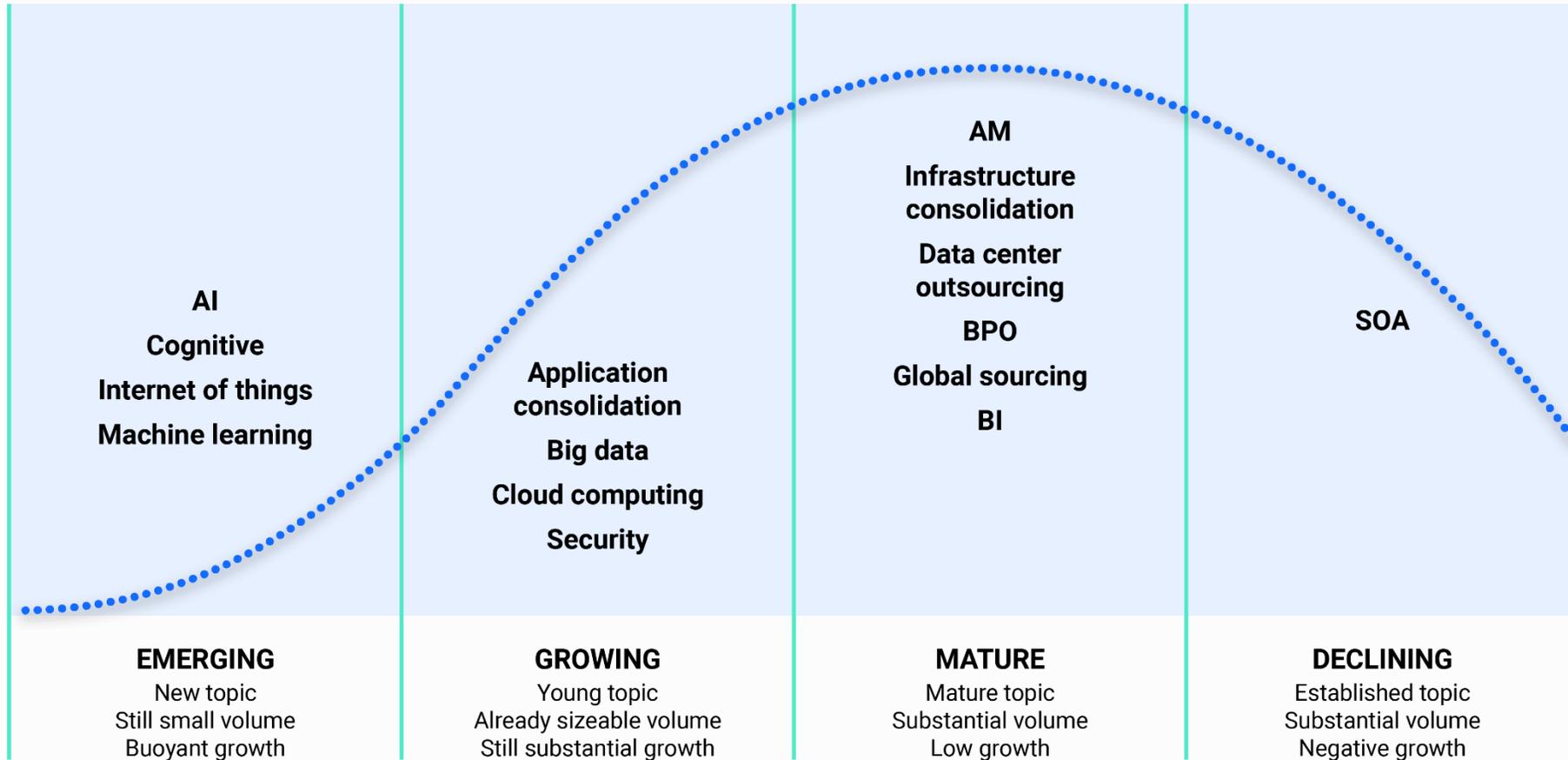
BUSINESS REVIEW

MARKET AND CUSTOMERS

- The digitalisation wave **drives market growth**
 - Delivering services to clients with strategic focus on digitalisation
- Continued **strong demand** for Core Services
 - Increasing demand for Cloud Services
- **Longer sales processes** for New Services
- Continued **long-lasting customer relations**

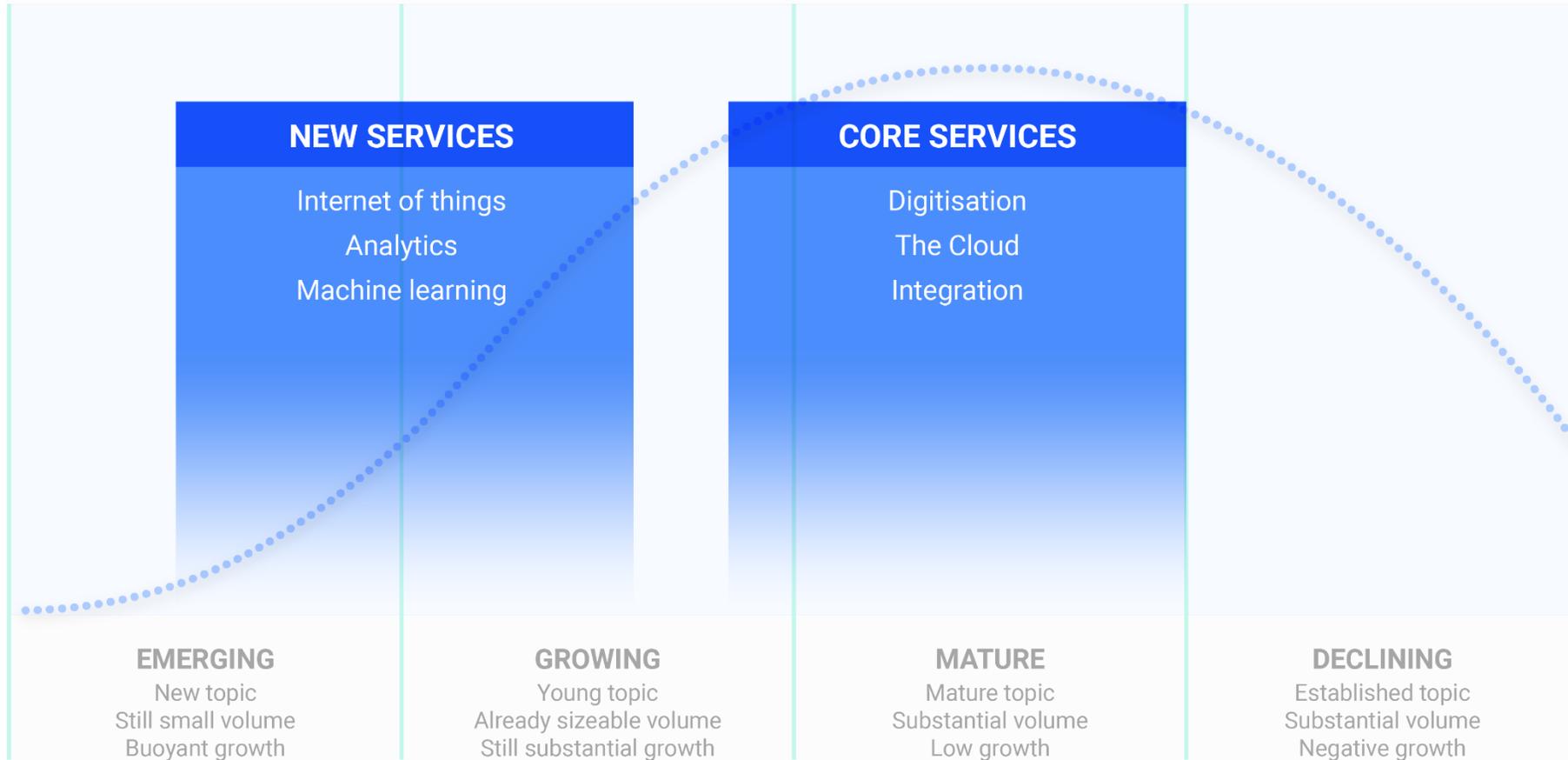


MATURITY OF MAJOR TREND TOPICS IN THE IT SERVICE MARKET



Source: Radar Ecosystem Specialists

ENABLING FUTURE GROWTH MEETING TODAY'S DEMAND



BUSINESS REVIEW

EMPLOYEES AND ORGANISATION

- A highly **competitive market** for IT experts
- Very **successful recruitment** in Norway
 - Adding delivery capacity going forward
 - Still recruiting solely experienced experts
- **Strengthened offering** within Cloud and User Experience
- **~65% of the employees owns shares** in the company post IPO



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FINANCIAL REVIEW

INCOME STATEMENT

(Amounts in NOK million)

	Q4 2017	Q4 2016	Q4 YTD 2017	Q4 YTD 2016	% Change
Total revenues	165.9	149.9	596.5	562.5	6.0 %
Cost of services and goods	16.6	10.0	49.3	33.8	
Salaries and personell cost	128.5	108.0	448.4	417.9	
Other operating expenses	15.2	11.2	41.7	38.1	
EBITDA excl. non-recurring costs¹⁾	19.5	20.7	71.0	72.7	-2.3 %
EBITDA margin excl. non-recurring costs ¹⁾	11.8 %	13.8 %	11.9 %	12.9 %	
EBITDA	5.6	20.7	57.1	72.7	-21.5 %
EBITDA margin	3.4 %	13.8 %	9.6 %	12.9 %	
Depreciation and amortisation	1.7	2.0	8.2	10.6	
EBIT	3.8	18.7	48.9	62.2	-21.3 %
EBIT margin	2.3 %	12.5 %	8.2 %	11.0 %	
Net financial items	-2.3	0.4	-8.6	-7.6	
Profit before tax	1.5	19.0	40.4	54.6	-26.0 %
Income tax expenses	-2.8	5.1	6.5	14.0	
Profit for the period	4.4	13.9	33.9	40.5	-16.5 %

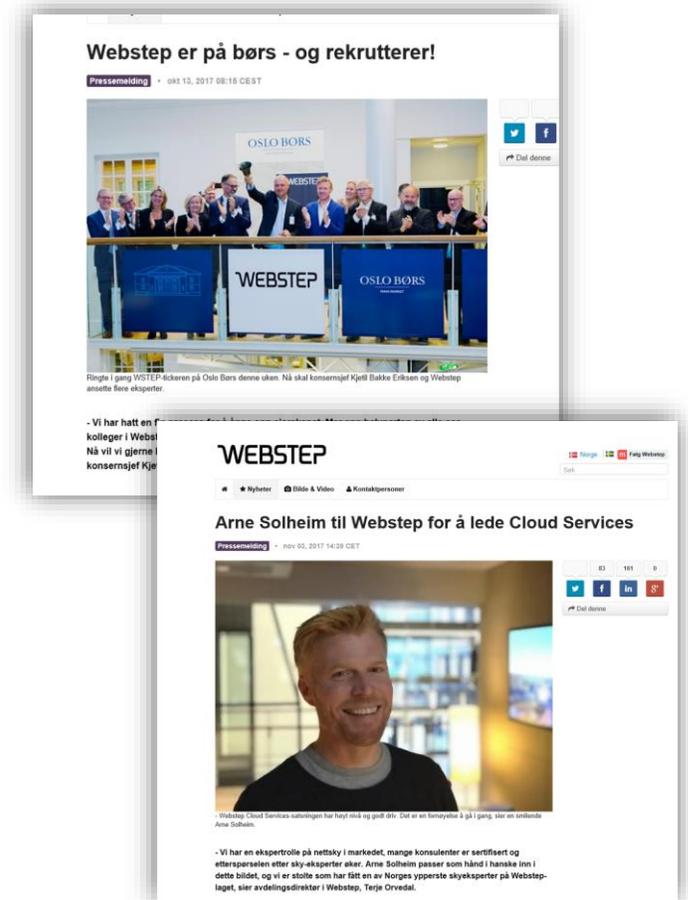
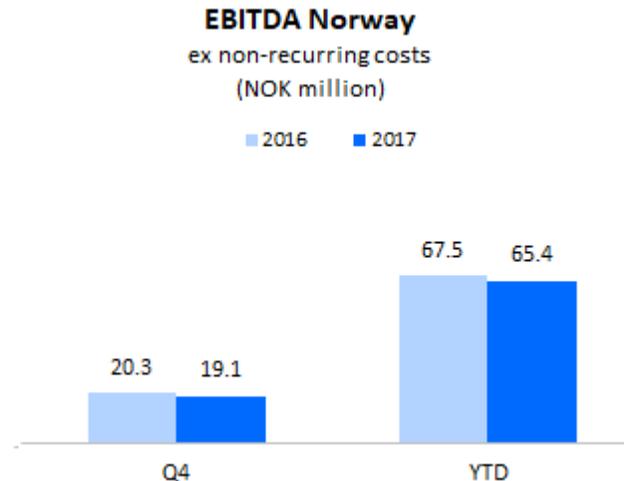
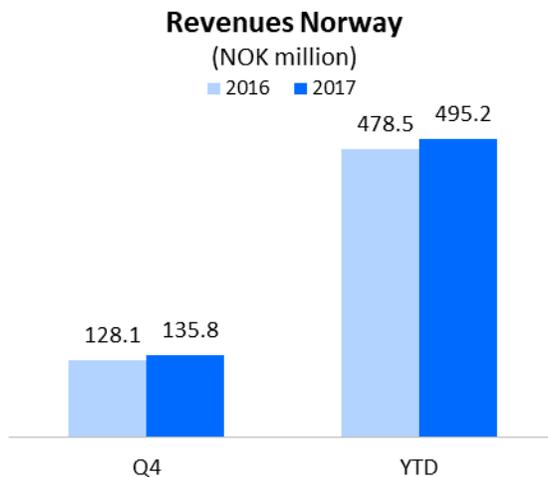
¹⁾ IPO costs and other non-recurring items of NOK 14 million recorded in Q4

FINANCIAL REVIEW

SEGMENTS: NORWAY

Adding growth capacity

- Revenue growth in line with expectations
- High onboarding activity is accompanied by onboarding costs
- Continued strong utilisation within Core Services
- Continued successful recruitment, securing further growth capacity



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

FINANCIAL REVIEW

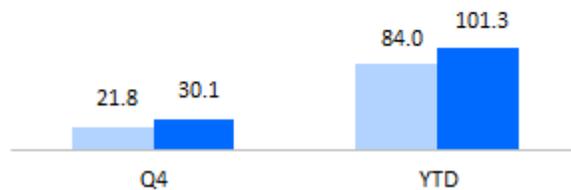
SEGMENTS: SWEDEN

Strong revenue growth and positive client development

- Still a highly competitive market for recruitment of experienced experts
- Strong revenue growth (+21% YoY) enabled by strategic use of subcontractors
- Lower margins, but facilitates new, strong client relations and increases long term growth potential

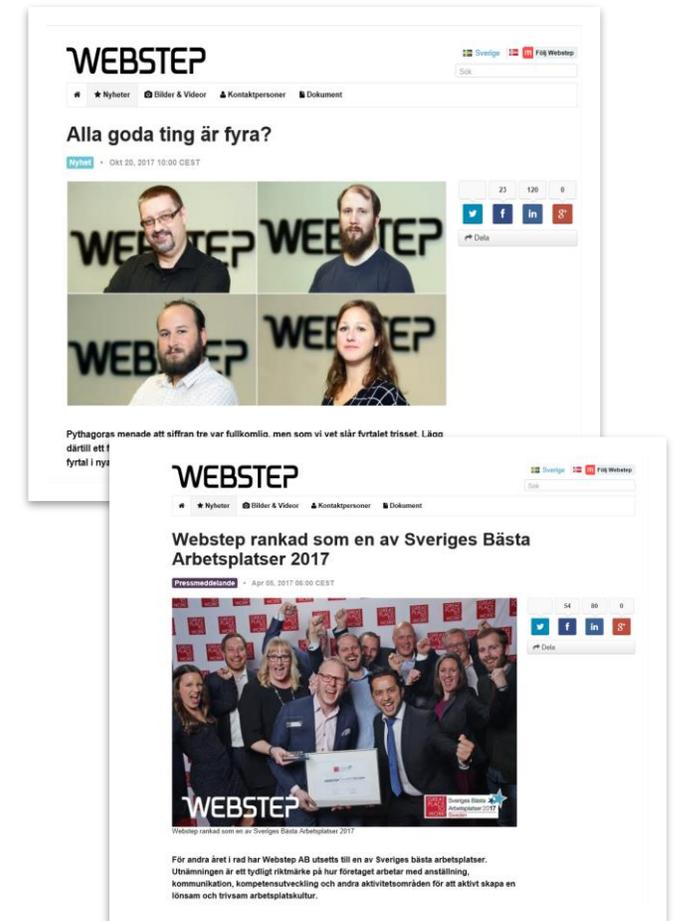
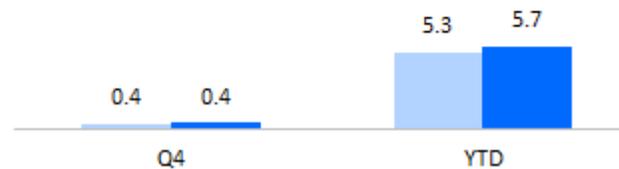
Revenues Sweden
(NOK million)

■ 2016 ■ 2017



EBITDA Sweden
ex non-recurring costs
(NOK million)

■ 2016 ■ 2017



FINANCIAL REVIEW

A CAPITAL EFFICIENT BUSINESS

	31 December	
	2017	2016
EQUITY		
Share capital	27.0	21.3
Treasury shares	-0.6	-0.6
Share premium	149.8	32.1
Retained earnings	181.2	144.2
Non-controlling interest	-	-
Total equity	357.4	196.9
LIABILITIES		
<i>Non-current liabilities</i>		
Borrowings	-	161.3
Deferred tax	1.6	3.6
Total non-current liabilities	1.6	164.8
Debt to credit institutions	24.3	60.0
Trade and other payables	16.7	10.6
Tax payable	7.2	15.7
Dividends payable	-	-
Social taxes and VAT	49.3	48.9
Other short-term debt	71.9	60.8
Total current liabilities	169.2	196.0
Total equity and liabilities	528.3	557.8

	31 December	
	2017	2016
ASSETS		
<i>Non-current assets</i>		
Intangible assets	382.3	385.0
Fixed assets	5.2	2.7
Non-current financial assets	4.8	2.7
Deferred tax asset	0.2	0.3
Total non-current assets	392.5	390.7
<i>Current assets</i>		
Trade receivables	125.5	82.6
Other current receivables	3.6	4.1
Cash and short-term deposits	6.6	80.3
Total current assets	135.7	167.1
Total assets	528.3	557.8

- **Stronger financial position post IPO**
 - Capital issue and repayment of long term loan
- **New financing in place**
 - Revolving Credit Facility of NOK 110m
 - Reduced interest rate

FINANCIAL REVIEW

CASH FLOW

(Amounts in NOK million)

	Q4 YTD 2017	Q4 YTD 2016
Operating activities		
Profit/(loss) before tax	40.4	54.6
Adjustments for:	-	-
Depreciation of property, plant and equipment	8.2	10.6
Net change in trade and other receivables	-44.5	-2.7
Net change in other liabilities	17.0	2.7
Net foreign exchange differences	0.7	0.6
Income tax expenses	-17.2	-15.2
Net cash flow from operating activities	4.5	50.5
Investing activities		
Purchase of property and equipment	-4.5	-1.7
Net cash flow from investing activities	-4.5	-1.7
Financing activities		
Proceeds from borrowings	-	200.0
Repayment of borrowings	-196.9	-62.4
Net proceeds from equity	123.2	-
Purchase of treasury shares	-	-0.1
Payment of dividends	-	-173.7
Payment of seller credit	-	-
Unrealized value of financial instruments	-	-
Net cash flows from financing activities	-73.8	-36.2
Net increase/(decrease) in cash and cash equivalents	-73.7	12.6
Cash and cash equivalents at 1 January	80.3	67.8
Cash and cash equivalents at end of period	6.6	80.3

- Changes in cash flows from same period **2016 to be seen in context with previous slide**
- Negative impact on cash flow due to **increase in receivables** as explained (see Appendix)
- **NOK 45 million payments from customers received by 3 January 2018**

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OUTLOOK

STRONG MARKET FUNDAMENTALS

- **Very robust market outlook**, driven by high digitalisation investment activity
- New Services expected to be **important growth areas, yet still in early phase**
- **Continued high demand** for the Core Services
 - Growing demand for Cloud expertise



OUTLOOK

POSITIONED FOR FURTHER GROWTH

- Entering 2018 with **strong order backlog**
- **Continued recruitment** of experienced experts
 - Further develop the strong position within Core Services
 - Increase capacity within New Services and focus on building clients relations
- **Calendar effects in Q1 2018** (easter in Q1-18 vs Q2-17)
- Over all 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)

	Q4 2017	Q4 2016	YTD 2017	YTD 2016	FY 2016
Sales revenues	135.8	128.1	495.2	478.5	478.5
EBITDA ¹⁾	5.2	20.3	51.4	67.5	67.5
EBITDA margin ¹⁾	3.8 %	15.9 %	10.4 %	14.1 %	14.1 %
EBITDA excl. non-recurring costs ¹⁾	19.1	20.3	65.4	67.5	67.5
EBITDA margin excl. non-recurring costs ¹⁾	14.1 %	15.9 %	13.2 %	14.1 %	14.1 %
Number of employees, average (FTE)	338	324	331	329	329
Number of employees, end of period	342	323	342	323	323
Number of work days, Norway (excl. vacation)	63	64	251	253	253
EBITDA per average employee ¹⁾ (tNOK)	15.3	62.8	155.4	205.1	205.1
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	56.6	62.8	197.5	205.1	205.1

¹⁾ Adjusted for IPO costs and other non-recurring items of NOK 14.0 million in Q4 2017. See note 12 for alternative performance measures.

FINANCIAL REVIEW

SEGMENTS

Sweden

(Amounts in NOK million)

	Q4 2017	Q4 2016	YTD 2017	YTD 2016	FY 2016
Sales revenues	30.1	21.8	101.3	84.0	84.0
EBITDA ¹⁾	0.4	0.4	5.7	5.3	5.3
EBITDA margin ¹⁾	1.3 %	1.6 %	5.6 %	6.2 %	6.2 %
EBITDA excl. non-recurring costs ¹⁾	0.4	0.4	5.7	5.3	5.3
EBITDA margin excl. non-recurring costs ¹⁾	1.3 %	1.6 %	5.6 %	6.2 %	6.2 %
Number of employees, average (FTE)	60	62	63	65	65
Number of employees, end of period	60	61	60	61	61
Number of work days, Sweden (excl. vacation)	63	64	251	253	253
EBITDA per average employee ¹⁾ (tNOK)	6.7	5.8	89.7	80.8	80.8
EBITDA per average employee excl. non-recurring costs ¹⁾ (tNOK)	6.7	5.8	89.7	80.8	80.8

¹⁾ Adjusted for IPO costs and other non-recurring items of NOK 14.0 million in Q4 2017. See note 12 for alternative performance measures.

FINANCIAL REVIEW

EQUITY CHANGES

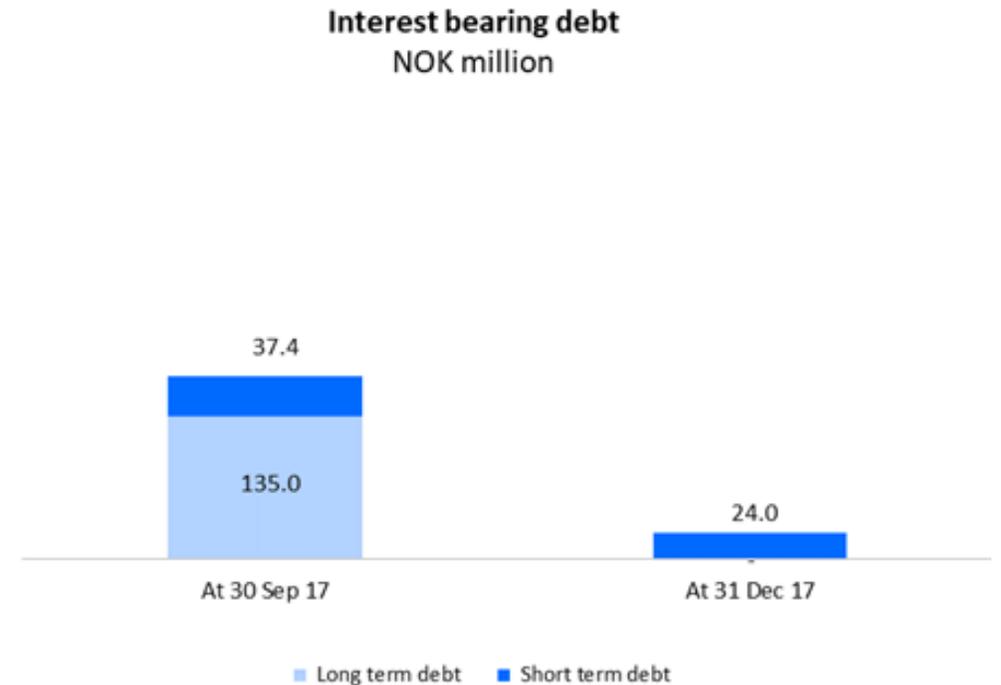
(Amounts in NOK million)

	Issued capital	Treasury shares	Share premium	Foreign currency translation reserve	Retained earnings	Total attributable to equity owners parents	Non-controlling interest	Total equity
At 1 January 2016	20.1	-0.6	181.0	15.3	110.2	326.1	10.6	336.6
Profit for the period	-	-	-	-	40.5	40.5	-	40.5
Other comprehensive income/(loss)	-	-	-	-6.4	-	-6.4	-	-6.4
Net purchase of treasury shares	-	-0.0	-	-	0.3	0.3	-1.0	-0.7
Restructuring of sub-group	1.1	-	21.1	-	-12.6	9.6	-9.6	-
Dividends to NCI	-	-	-	-	-3.1	-3.1	-	-3.1
Dividends	-	-	-170.0	-	-	-170.0	-	-170.0
At 31 December 2016	21.3	-0.6	32.1	8.8	135.3	196.9	0.0	196.9
Profit for the period	-	-	-	-	-	-	-	-
Other comprehensive income/(loss)	-	-	-	-	-	-	-	-
At 31 December 2016	21.3	-0.6	32.1	8.8	135.3	196.9	0.0	196.9
Profit for the period	-	-	-	-	33.9	33.9	-	33.9
Shares issued	5.7	-	117.5	-	-	123.2	-	123.2
Other comprehensive income/(loss)	-	-	-	3.5	-	3.5	-	3.5
Share incentive program	-	-	-	0.2	-	0.2	-	0.2
At 31 December 2017	27.0	-0.6	149.6	12.6	169.2	357.7	0.0	357.7

FINANCIAL REVIEW

CREDIT FACILITIES AND LIQUIDITY

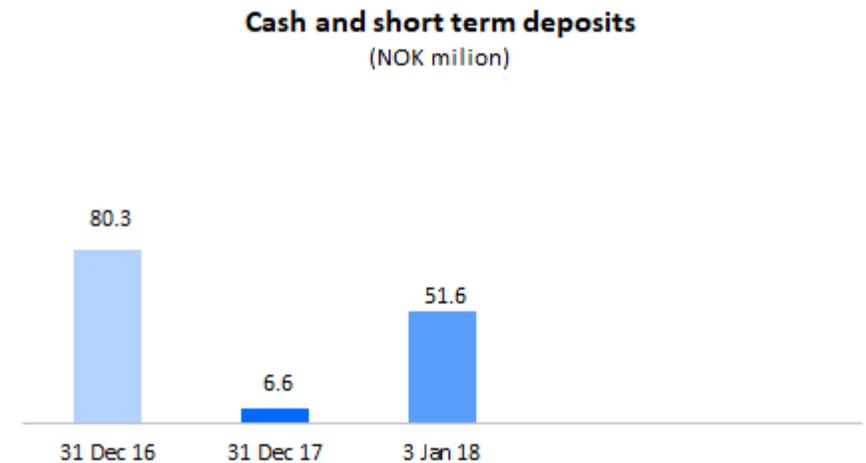
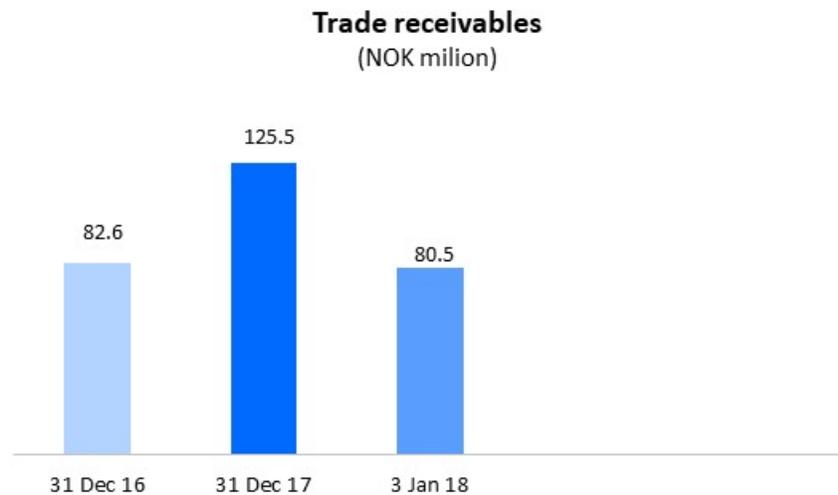
- Significantly strengthened financial position post IPO
- Net proceeds used to partly repay long term loan (October)
- New NOK 110 million revolving credit facility (RCF) in place
- Remainder of long term loan (NOK 55 million) converted to the RCF



FINANCIAL REVIEW | CASH & RECEIVABLES

WHEN QUARTER END FALLS ON A SUNDAY

- Monthly invoicing and 30 days net. Month end therefore due date for most payments
- When due date falls on Saturday/Sunday, delayed customers normally pay on Monday
- NOK 45 million falling due on Sunday 31 Dec recorded as cash on 3 January



FINANCIAL REVIEW

CASH POOLING AND DEBT

(Amounts in NOK 1000)

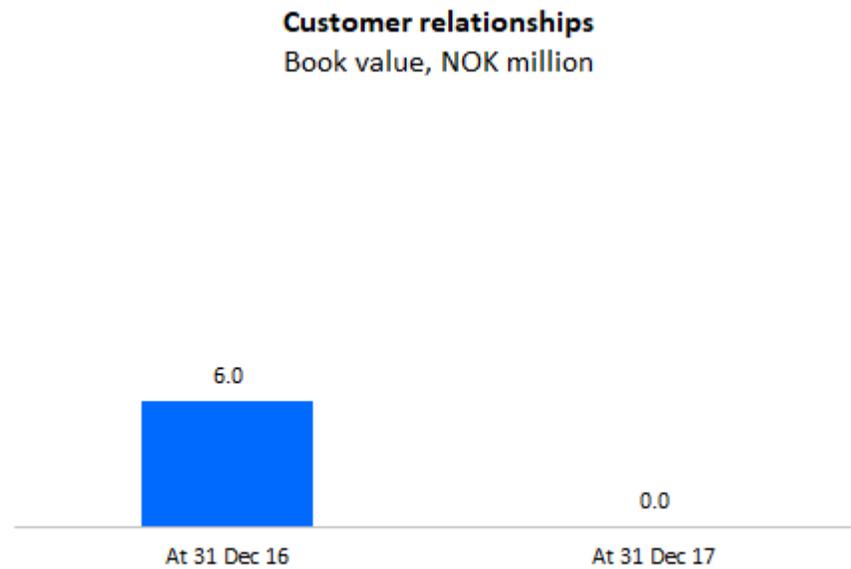
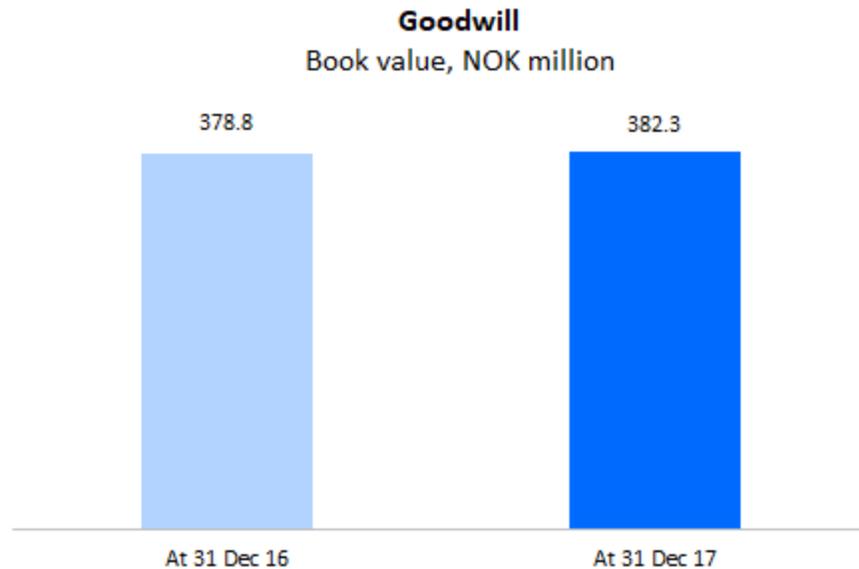
		<i>Prev.reported</i>	<i>Restated</i>
	31. Dec 17	31. Dec 16	31. Dec 16
Cash and short-term deposits	6 580	80 311	51 578
Debt to credit institutions (overdraft)	24 287	28 733	0

- New bank agreements with cash pooling account system implies change of reporting practice for cash / short term deposits and bank overdraft (Norway only)
- Previously reported as separate, gross asset and debt figures
- Now reported as one net figure, either asset or debt, depending on the net figure, to reflect the actual interest-bearing figure at balance date
- 2016 reported gross figures are restated to ease comparison

FINANCIAL POSITION

INTANGIBLE ASSETS

- Goodwill arisen from acquisitions of Webstep AS in 2011 and Webstep AB in 2012/13.
- Customer relationships fully depreciated at 31 Dec 2017



PERSONNEL COSTS

FUTURE IMPACT OF EIP AND BOARD COMPENSATION

Share based Employee Incentive Program (EIP)

- Introduced in connection with the IPO
- Slight impact on personnel costs from Q4 2017 onwards
- Costs related to matching shares earned through the two-year program
- Monthly allocation
- Est. allocated costs 2018: NOK 1.3 million (based on closing price 31 Dec 2017)

Board compensation

- Before IPO: NOK 0.2 million
- After IPO: Comply with corporate governance regime for listed companies.
- Higher BoD compensation will also have slight impact on personnel costs
- Exp. costs 2018 NOK 1.6 million
- In line with market practice and level

TOP 20 SHAREHOLDERS AT 13 FEB 2018

#	Shareholder name	Shares	%	Type	Country
1	GLOBAL DIGITAL HOLDI	3 844 255	14.26		NOR
2	Virtus KAR Internati The Bank of New York	2 937 237	10.89		USA
3	VERDIPAPIRFONDET ALF SEB Investor World G	1 532 037	5.68		NOR
4	JPMorgan Chase Bank, JPMCB RE HB SWED FUN	1 141 788	4.23	NOM	SWE
5	PARK LANE FAMILY OFF	850 000	3.15		NOR
6	COLINA INVEST AS	839 080	3.11		NOR
7	VPF NORDEA NORGE VER C/O JPMORGAN	685 000	2.54		NOR
8	NORDEA NORDIC SMALL	665 130	2.47		FIN
9	AZURE HOLDING AS	610 301	2.26		NOR
10	Goldman Sachs Intern SECURITY CLIENT SEGR	600 000	2.22	NOM	GBR
11	Svenska Handelsbanke C/O HANDELSBANKEN AS	582 460	2.16	NOM	FIN
12	XERXES AS	540 000	2.00		NOR
13	Citibank, N.A. S/A MUT FD EQ NORDIC	438 491	1.63	NOM	FIN
14	SOLE ACTIVE AS	401 046	1.49		NOR
15	SEB PRIME SOLUTIONS SKANDINAVISKA ENSKIL	400 000	1.48		LUX
16	NWT MEDIA AS c/o Thommessen AS	390 000	1.45		NOR
17	ILLARI AS	387 268	1.44		NOR
18	DnB NOR Bank ASA EGENHANDELSKONTO DnB	374 000	1.39		NOR
19	BOREA GLOBAL EQUITIE	352 264	1.31		NOR
20	Danske Invest Norge	342 000	1.27		NOR
	Total top 20 shareholders	17 912 357	66.43		

TOP 20 SHAREHOLDERS SHARE AND BY GEOGRAPHY AT 13 FEB 2018

