



Webstep ASA: First Quarter Results 2020

Oslo 27 May 2020: Webstep ASA reports revenues of NOK 183.0 million in the first quarter of 2020, a year-on-year decrease of 0.8 per cent. EBIT ended at NOK 13.1 million, down from NOK 20.2 million in the first quarter of 2019. The number of employees continued to increase in the first quarter and ended at 417. The COVID-19 outbreak impacted revenues negatively with at least NOK 3 million.

Webstep recorded revenues in the first quarter of NOK 183.0 million, down 0.8 per cent from 184.4 million in the same quarter last year. More employees and higher hourly rates compared to 2019 impacted revenue, but this was offset by decreased revenue from subcontractors and lower utilization due to onboarding of new employees and the effect of COVID-19. The COVID-19 outbreak affected revenues negatively by at least NOK 3 million, 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.

– Although consolidated revenues are close to flat year-on-year, we are pleased to see strong growth in our Norwegian regional offices and in Sweden, says Arne Norheim, CEO of Webstep. The situation with high employee turnover in Oslo and Stockholm that we experienced in 2019 has stabilized.

EBIT for the first quarter amounted to NOK 13.1 million, down 35.1 per cent from NOK 20.2 million in the corresponding quarter 2019. EBIT was directly impacted by the revenues lost due to the outbreak of COVID-19. Salary costs have increased year-on-year due to the recruitment of sales- and management personnel during the last half of 2019. The strategic recruitments are partly tied to the investments in Webstep Solutions which accounted for a net negative impact on EBIT of NOK 3.1 million in the first quarter. Increased lease costs and decreased profit from subcontractors have also impacted EBIT. The EBIT margin was 7.1 per cent (10.9 per cent) for the first quarter. Net profit for the fourth quarter was NOK 9.6 million (NOK 15.4 million).

– In light of the situation that characterized the latter part of the first quarter, we are satisfied with the Q1 results. Throughout the quarter, we have continued to build Webstep Solutions which will affect our results in the short term. However, these are necessary investments which will strengthen the platform for future growth, says Arne Norheim.

The financial position 31 March was strong, with total equity of NOK 389.3 million (NOK 389.1 million), corresponding to an equity ratio of 64.8 per cent (66.4 per cent). Cash and cash equivalents 31 March were NOK 39.1 million (NOK 25.6 million) and Webstep had an unutilized revolving credit facility of NOK 110.0 million and SEK 3.0 million in Norway and Sweden, respectively.

At the annual general meeting 7 May 2020, the board of directors was granted an authorization to resolve a dividend based on the financial statements for the financial year 2019. The authorization is limited to NOK 1.60 per share, equal to the initially proposed dividend. It is too early to assess the long-term effects of the COVID-19 outbreak on Webstep with certainty. Given this uncertainty, the board of directors is of the opinion that it is prudent, and in the best interest of Webstep and its shareholders, to await further developments before potentially deciding to resolve a dividend for the financial year 2019.

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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.

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.