

Webstep Q4 2019: Increased capacity and revenue growth

Oslo 12 February 2020: Webstep ASA reports a year-on-year revenue increase of 0.9 per cent in the fourth quarter. The impact of higher capacity and increased hourly rates was offset by lower revenues from subcontractors and lower utilisation. Webstep is conducting a range of initiatives aiming to restore growth. This impacted the EBITDA margin in the fourth quarter. The strong financial position and positive outlook support a dividend proposal of NOK 1.60 per share.

Webstep recorded revenues in the fourth quarter of NOK 176.8 million, up 0.9 per cent from the same quarter last year. Revenues were affected by increased headcount and increased hourly rates year-on-year, which was offset by a decrease in revenues from subcontractors. Revenues decreased by 0.4 per cent for the full year compared to 2018 and ended at NOK 660.5 million, reflecting the previously communicated situation with reduced capacity and fierce competition for IT expert consultants.

– Webstep is well positioned to take market share moving forward. We enjoy a strong position in an attractive growth market and enter 2020 with a very robust order book. Our strategic platform and our strong initiatives to restore growth are beginning to yield results, and we expect continued headcount growth in the first quarter of 2020, says Arne Norheim, CEO of Webstep.

EBITDA for the fourth quarter amounted to NOK 12.0 million, down from NOK 17.5 million in the corresponding quarter of 2018. The fourth quarter EBITDA is affected by costs related to strategic initiatives implemented to strengthen the platform for future growth. Staffing up important functions within communication, finance, sales and recruiting is an investment that will prepare the organisation for growth.

– Our long-term ambition to exceed the market average in terms of revenue growth and EBITDA margin remains unchanged. The strategic initiatives implemented to strengthen the platform for future growth are needed to restore growth capacity, says Arne Norheim.

The EBITDA margin was 6.8 per cent in the fourth quarter, down from 10.0 per cent in the corresponding quarter of 2018. EBITDA margin for the full year 2019 was 9.1 per cent, compared to 11.9 per cent in 2018.

Net profit for the fourth quarter was NOK 5.2 million in 2019 and NOK 11.8 million in 2018. Net profit for the full year was NOK 36.1 million compared to NOK 56.2 million for the full year 2018.

The financial position at 31 December was strong, with total equity of NOK 371.6 million, corresponding to an equity ratio of 66 per cent. Total equity at 31 December 2018 was NOK 376.6 million, and the equity ratio was 70 per cent. Cash flow from operations in the fourth quarter amounted to NOK 18.6 million, compared to NOK 68.1 million in the fourth quarter of 2018. Cash flow from operations for the full year 2019 was NOK 41.8 million and NOK 91.9 million for the full year 2018. Cash and cash equivalents at 31 December were NOK 25.5 million in 2019 and NOK 33.5 million in 2018.

Based on Webstep's solid financial position and positive outlook, the board of directors intends to propose a dividend of NOK 1.60, representing 118 per cent of the annual net profit of the Group for 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.