



Report 2nd quarter

2001

StepStone ASA

Report for the second quarter ended 30 June 2001

- Revenues at EUR17.1 million (Q1: EUR18.1m)
- Operating Expenses (excl. d&a) EUR47.8 million (Q1:EUR53.5m)
- Germany cash positive in Q2
- Denmark positive EBIT for 3rd quarter running
- Headcount 1,073 (Q1: 1,258)
- Cash EUR46.9 million (Q1: EUR74.2m)

Financial

Revenues in Q2 at EUR17.1 million were some 6 percent lower than in Q1 and 55 per cent up on a year on year basis. In the first half of the current year revenues have nearly doubled those of the corresponding period of the previous year at EUR35.2 million. Sales in Q2 amounted to EUR14.6 million compared with EUR12.4 million in Q2 last year and EUR20.9 million in Q1. Order intake, a more meaningful measure of demand, was EUR15.3 million in Q2.

Operating expenses for Q2 amounted to EUR41.9 million, before taking account of a restructuring charge of EUR5.9 million, and were in line with targets. This compared with operating expenses in Q1 of EUR48.6 million, before the EUR4.7 million restructuring charge. Including the goodwill write-off in Q1 of EUR34.7 million the loss for the six months ended 30 June amounted to EUR110.0 million compared with EUR51.6 million in the first half of 2000 and EUR133.1 million in the whole of the previous year.

Whilst all countries were affected by the slow down in recruitment activities it is worth noting that Denmark produced positive EBIT for the third quarter running and Germany was cash positive throughout Q2.

Shareholders will remember that in the statement accompanying the Q1 results we announced a reorganisation charge of EUR4.7 million and stated that by Q3 we expected that operating expenses, excluding depreciation and amortisation, would be running at a level of approximately EUR20 million lower than at the beginning of the year.

We are firmly on course to achieve these savings. However, in the light of current market conditions we have decided to take a further restructuring charge of EUR5.9 million in Q2. At the end of Q2 the total headcount was 1073, down by 311 from the beginning of the year, and as a result of these measures we expect this figure to be around 850 by the end of Q3. In reducing the cost base to bring it into line with current market activity we have taken care to continue the sales focus of the business and the cuts have fallen wherever possible on back office, buildings and management. We intend to continue in the countries in which we operate, but we may in the interest of efficiency consolidate some of our local offices. In addition we are changing the way many of our individual countries operate by providing closer customer contact. We believe that these changes, whilst making a necessary reduction in the cost base, will also have the beneficial effect of sharpening the company's sales focus and materially raising the sales productivity.



Management

Karen Slatford, who joined the Board in March as a non-executive director, has been appointed the interim CEO following the resignation of Giles Clarke at the end of June. Karen was previously Vice President and General Manager for Worldwide Sales, Business Customer Organisation, Hewlett Packard.

Technology

StepStone's primary objective is to assist in the employment process through the application of technology. In order to achieve this in the most efficient and cost effective manner we need state of the art technology with a stable and scalable site. We continue our investment to bring all countries onto one common platform. We will review the roll-out programme in Q4, following a satisfactory completion of rigorous user testing.

Our sifting tool, "Preview", has now been introduced into 15 countries and our searchable CV product is operational in 11 countries. Both products are revenue producing and have received a good response from customers.

Customers

We have been encouraged by the number of customers appreciating the StepStone value proposition compared with more traditional recruitment methods. In the past three months we have signed contracts with Microsoft, Ford and Onvista in Germany; De Post and Sony in Belgium; Usinor and Cap Gemini in France; British Airways and Cadbury Schweppes in the UK; KLM Royal Dutch Airlines, CMG and KPN in the Netherlands; Veritas, Esso and the tele- and computer department of the Norwegian defence in Norway; Carlsberg, Zürich

Insurance and Nestlé in Denmark and Omnitel-Vodafone and EDS in Italy.

Outlook

The Board recognises that the overall business climate in which StepStone operates has changed in recent months. However, we believe that the decisive action that we have taken to restructure the company will make it operationally more efficient and sharpen its whole focus. Expenses are under firm control and declining. As a result we are optimistic that the company will reach cash positive trading during 2002 as planned.

Bearing in mind the current market conditions the Board could see a need for further capital before the company reaches profitability. The three largest shareholders have confirmed to the Board their full commitment to the company and its future financing. With this support in mind the Board remains confident in the future.

key figures

€ 000

Q2 2000 Q3 2000 Q4 2000 Q1 2001 Q2 2001

Financial Figures

Revenue	11 012	14 138	19 763	18 147	17 057
Operating Expenses (excl. d&a)*	44 282	54 955	52 140	53 533	47 789
EBITDA	(33 270)	(40 817)	(32 377)	(35 386)	(30 732)
Depreciation & amortisation**	1 553	4 048	7 225	41 565	4 868
EBIT	(34 823)	(44 865)	(39 602)	(76 951)	(35 600)

Sequential Growth

Revenue	51 %	28 %	40 %	(8 %)	(6 %)
Operating Expenses (excl. d&a)	75 %	24 %	(5 %)	3 %	(11 %)
EBITDA	(85 %)	(23 %)	21 %	(9 %)	13 %
Depreciation & amortisation	(6 %)	(161 %)	(78 %)	(475 %)	88 %
EBIT	(79 %)	(29 %)	12 %	(94 %)	54 %

Q2 Year on Year Growth

Revenue	55 %
Operating Expenses (excl. d&a)	8 %
EBITDA	(8 %)
Depreciation & amortisation	213 %
EBIT	2 %

* Includes EUR4,7 million in Q1 2001 and EUR5,9 million in Q2 2001 relating to restructuring costs

** Includes EUR34,7 million in Q1 2001 relating to the write-down of goodwill

Operational Statistics

User Sessions (Quarterly numbers)	6 895 816	9 001 338	12 617 265	13 617 155	12 182 334
Listings (End of quarter)	76 517	84 357	71 098	76 712	66 472
Vacancies (End of quarter)	117 277	136 932	127 685	120 741	101 602
CVs (End of quarter)	315 590	306 119	425 886	581 811	654 121
Total Headcount (End of quarter)	1 003	1 369	1 385	1 258	1 073

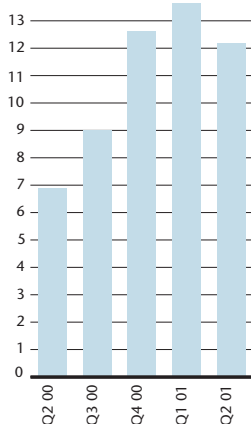
Sequential Growth

User Sessions	3 %	31 %	40 %	8 %	(11 %)
Listings	54 %	10 %	(16 %)	8 %	(13 %)
Vacancies	30 %	17 %	(7 %)	(5 %)	(16 %)
CVs	32 %	(3 %)	39 %	37 %	12 %
Total Headcount	97 %	36 %	1 %	(9 %)	(15 %)

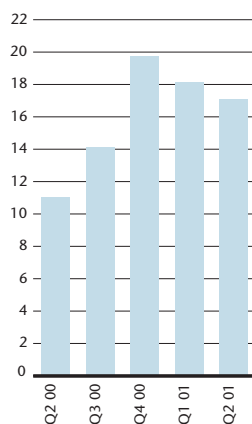
Q2 Year on Year Growth

User Sessions	77 %
Listings	(13 %)
Vacancies	(13 %)
CVs	107 %
Total Headcount	7 %

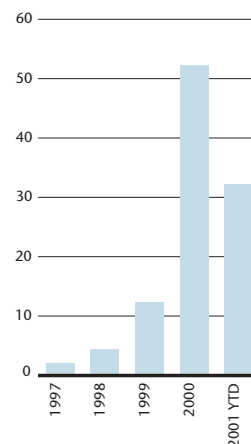
User sessions in millions



Revenue - quarterly in million EURO



Revenue - annual in million EURO



consolidated profit and loss statements

€ 000	2nd Quarter*		01.01.-30.06.*		Full year 2000
	2001	2000	2001	2000	
Revenue	17 057	11 012	35 204	18 304	52 205
Depreciation and amortisation	3 222	528	6 310	998	6 463
Other operating expenses**	47 789	44 282	101 322	69 538	176 632
Total operating expenses	51 011	44 810	107 632	70 536	183 095
Losses from operations before amortisation of goodwill	(33 954)	(33 798)	(72 428)	(52 232)	(130 890)
Amortisation of goodwill***	1 646	1 025	40 123	2 019	7 827
Losses from operations (EBIT)	(35 600)	(34 823)	(112 551)	(54 251)	(138 717)
Net financial income	1 250	1 483	2 578	2 605	5 115
Loss for the period	(34 350)	(33 340)	(109 973)	(51 646)	(133 602)
Minority interest	-	-	-	-	(460)
Loss for the period after minority interest	(34 350)	(33 340)	(109 973)	(51 646)	(133 142)
Basic loss per share	(0,14)	(0,15)	(0,46)	(0,26)	(0,62)
Diluted loss per share	(0,14)	(0,15)	(0,46)	(0,26)	(0,62)

consolidated balance sheet

€ 000

Assets

	30.06.2001*	31.03.2001*	31.12.00
Non-current assets			
Fixed assets	15 152	16 110	16 968
Intangible assets	44 632	46 710	85 128
Other	1 244	1 263	924
Total non-current assets	61 028	64 083	103 020
Current assets			
Trade receivables	9 384	13 727	13 964
Cash and cash equivalents	46 879	74 185	107 101
Other	14 259	15 746	13 839
Total current assets	70 522	103 658	134 904
Total assets	131 550	167 741	237 924

Liabilities and shareholders equity

Shareholders' equity

Share capital (237.925.685 shares of NOK0,02)	576	576	576
Other equity	76 818	111 931	184 395
Total equity	77 394	112 507	184 971
Total non-current liabilities	850	417	911
Current liabilities			
Trade and other payables	10 056	11 060	11 337
Deferred revenue	13 907	16 492	13 632
Other	29 343	27 265	27 073
Total current liabilities	53 306	54 817	52 042
Total liabilities and equity	131 550	167 741	237 924

* The quarterly numbers are not audited

** Includes EUR4,7 million in Q1 2001 and EUR5,9 million in Q2 2001 relating to restructuring costs

*** Includes EUR34,7 million in Q1 2001 relating to the write-down of goodwill

segment information

€ 000	2nd Quarter*		01.01.-30.06.*		Full year 2000
	2001	2000	2001	2000	
Revenues					
Nordic region	4 444	5 522	9 711	10 540	21 646
Central region	10 963	5 233	21 584	7 432	27 271
Southern region	1 650	257	3 909	332	3 288
Total	17 057	11 012	35 204	18 304	52 205
Total operating expenses**					
Nordic region	6 292	7 095	14 622	13 630	28 065
Central region	24 454	22 969	87 445	35 428	94 821
Southern region	8 443	5 511	22 218	7 689	29 814
Corporate	13 468	10 260	23 470	15 808	38 222
Total	52 657	45 835	147 755	72 555	190 922
EBIT					
Nordic region	(1 848)	(1 573)	(4 911)	(3 090)	(6 419)
Central region	(13 491)	(17 736)	(65 861)	(27 996)	(67 550)
Southern region	(6 793)	(5 254)	(18 309)	(7 357)	(26 526)
Corporate	(13 468)	(10 260)	(23 470)	(15 808)	(38 222)
Total	(35 600)	(34 823)	(112 551)	(54 251)	(138 717)

segment information sequential*

€ 000	Q2 2000	Q3 2000	Q4 2000	Q1 2001	Q2 2001
Nordic region					
Revenue	5 522	5 034	6 073	5 265	4 444
Operating Expenses	7 095	7 481	7 225	8 330	6 292
EBIT	(1 573)	(2 447)	(1 152)	(3 065)	(1 848)
Central region					
Revenue	5 238	8 031	11 803	10 622	10 963
Operating Expenses	22 969	28 889	30 504	62 990	24 454
EBIT	(17 731)	(20 858)	(18 701)	(52 368)	(13 491)
Southern region					
Revenue	257	1 014	1 945	2 260	1 650
Operating Expenses	5 511	9 558	12 568	13 774	8 443
EBIT	(5 254)	(8 544)	(10 623)	(11 514)	(6 793)
Corporate					
Operating Expenses	10 263	13 016	9 126	10 004	13 468
EBIT	(10 263)	(13 016)	(9 126)	(10 004)	(13 468)

* The quarterly numbers are not audited

** Includes EUR4,7 million relating to restructuring costs and EUR34,7 million relating to the write-down of goodwill in Q1 2001

Nordic region: Norway, Sweden, Denmark and Finland

Central region: Germany, UK, Netherlands, Belgium, Austria, Switzerland, Ireland

Southern region: Italy, Spain, Portugal, France, India

consolidated cash flow statement

€ 000	2nd Quarter*		01.01.-30.06.*		Full year 31.12.00
	2001	2000	2001	2000	
Net cash used in operating activities	(25 072)	(30 027)	(53 599)	(39 701)	(101 860)
Net cash outflow from investing activities	(2 234)	(19 536)	(6 303)	(27 225)	(57 892)
Proceeds from issuance of share capital	0	18 516	35	212 561	224 708
Net cash inflow/outflow from other financing activities	0	(12)	(355)	(2 061)	(2 082)
Net increase in cash and cash equivalents	(27 306)	(31 059)	(60 222)	143 574	62 874
Increase/decrease in restricted cash	264	(542)	2 910	37 684	37 367
Cash and cash equivalents at beginning of period	72 997	215 883	103 267	3 024	3 026
Cash and cash equivalents at end of period **	45 955	184 282	45 955	184 282	103 267

* The quarterly numbers are not audited

** Excl. restricted cash of 924 as of 30.06.01 (3.834 at 31.12.00)