



WAVESTONE

## H1 2017/18 results

Conference call

December 7, 2017

# Speakers



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CEO



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CFO



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H1 2017/18 results

## A half-year that generated 3% growth

Revenue	2017/18	2016/17	Change
<i>In €m - Limited review</i>			
Q1	85.4	88.4	-3%
Q2	81.2	73.7	+10%
<b>H1</b>	<b>166.5</b>	<b>162.0</b>	<b>+3%</b>

/ 10% growth in Q2 2017/18

/ An increase of 3% compared with H1 2016/17

- > negative working day impact representing -3% consolidated over the period
- > no changes to report in the scope of consolidation between the two periods

# A new HR model that is beginning to deliver results



A solid recruitment picture, in line with the firm's roadmap, despite an increasingly competitive labor market



Excessive levels of staff turnover in some teams progressively being brought under control

- > H1 staff turnover rate of 17% at an annual rate
- > medium-term ambition is a staff turnover rate of less than 15%

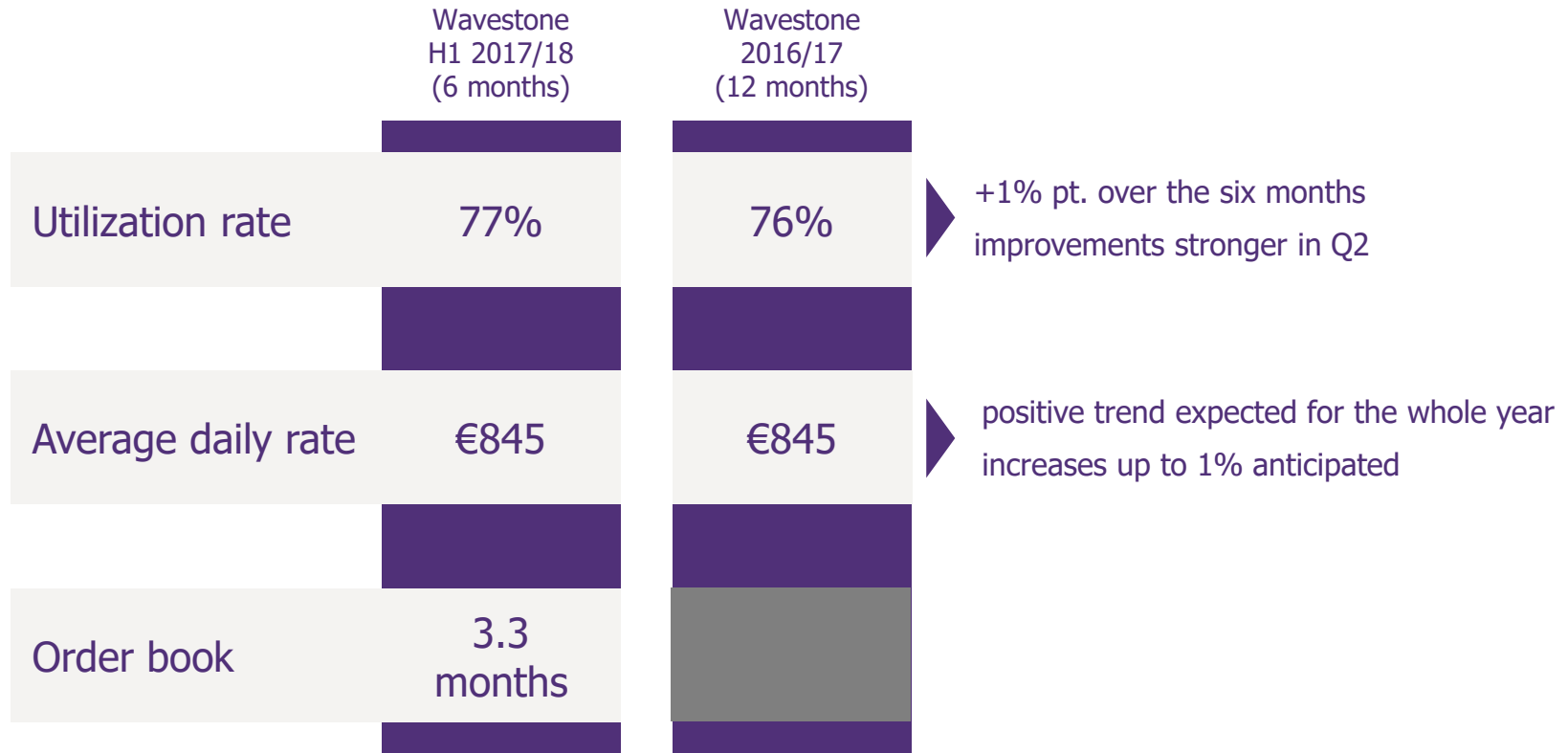


Workforce comprising 2,647 employees at September 30, 2017

- > compared with 2,628 at March 31, 2017



# Utilization rate is improving



# EBIT margin of 9.9%

Consolidated data at 09/30 (in €m) Limited review	H1 2017/18	H1 2016/17 restated <sup>1</sup>	<i>Change</i>	H1 2016/17 published
<b>Revenue</b>	<b>166.5</b>	<b>162.0</b>	<b>+3%</b>	<b>162.0</b>
<b>Operating income on ordinary activities</b>	<b>16.4</b>	<b>15.8</b>	<b>+4%</b>	<b>15.8</b>
<i>EBIT margin</i>	<b>9.9%</b>	<b>9.8%</b>		<b>9.8%</b>
Amortization of client relationships	(1.3)	(1.3)		-
Other income and expenses	0.0	(0.6)		(0.6)
<b>Operating income</b>	<b>15.2</b>	<b>14.0</b>	<b>+9%</b>	<b>15.2</b>
Cost of net financial debt	(1.0)	(1.1)		(1.1)
Other income and expenses	(0.6)	(0.5)		(0.5)
Income tax expenses	(5.6)	(5.5)		(5.9)
<b>Group share of net income</b>	<b>8.0</b>	<b>6.8</b>	<b>+17%</b>	<b>7.7</b>
<i>Net margin</i>	<b>4.8%</b>	<b>4.2%</b>		<b>4.7%</b>

<sup>1</sup> The column, "H1 2016/17 restated", takes into account the impact of the Purchase Price Allocation of Kurt Salmon's European activities (excluding consulting in the retail and consumer goods sectors) carried out after closing on 09/30/2016.



## An appreciable but one-off degradation in WCR

Consolidated data at 09/30 (in €m) Limited review	H1 2017/18	H1 2016/17 restated <sup>1</sup>	Fiscal year 2016/17
<b>Gross cash flow margin</b>	<b>11.3</b>	<b>9.9</b>	<b>27.1</b>
Change in WCR	(25.7)	(17.2)	(2.3)
<b>Net cash flow from operations</b>	<b>(14.4)</b>	<b>(7.4)</b>	<b>24.7</b>
<b>Net cash flow from investments</b>	(1.5)	(4.7)	(18.5)
<b>Net cash flow from financing operations</b>	(8.1)	(2.1)	(7.1)
o/w dividends	(3.0)	(2.0)	(2.0)
o/w loan repayments	(4.7)	(0.4)	(5.2)
<b>Change in cash and cash equivalents</b>	<b>(24.0)</b>	<b>(14.2)</b>	<b>(0.9)</b>

<sup>1</sup> The column, "H1 2016/17 restated", takes into account the impact of the Purchase Price Allocation of Kurt Salmon's European activities (excluding consulting in the retail and consumer goods sectors) carried out after closing on 09/30/2016.

- / Delayed payment collection amounting to €20m at September 30, 2017, compared with the firm's norms
- / Delay was fully rectified by the end of November
- / Sustained control of trade receivables remains a high priority in the coming quarters

## A level of debt that remains moderate

Consolidated data (in €m) Limited review	09/30 2017	03/31 2017	Consolidated data (in €m) Limited review	09/30 2017	03/31 2017
<b>Non-current assets</b> o/w goodwill	161.2 119.1	164.0 119.8	<b>Shareholders' equity</b> o/w minority interests	111.2 0	104.1 0
<b>Current assets</b> o/w trade receivables (clients)	158.6 133.6	130.8 111.2	<b>Non-financial liabilities</b>	132.2	134.2
<b>Cash and cash equivalents</b>	14.5	38.7	<b>Financial liabilities</b> o/w less than one year	90.9 10.9	95.2 9.4
<b>TOTAL ASSETS</b>	<b>334.3</b>	333.5	<b>TOTAL LIABILITIES</b>	<b>334.3</b>	333.5

**Net debt: €76.4m**

*compared with €56.5m net debt at March 31, 2017*



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Outlook

# A clearly established market dynamic



## Transformation that is gathering pace

- > the digital tsunami continues to rise
- > business confidence is rising and freeing up investment



## A range of drivers are at play

- > mobile banking, industry 4.0, connected vehicles...
- > artificial intelligence, cyber threats, regulation, M&A activity...



## Leading-edge sectors

- > financial services, manufacturing, energy...

# Toward complete success of the Wavestone project



Recent pitfalls well on the way to resolution

- > stable staff retention despite stiff labor market competition
- > utilization rates approaching target levels



An impactful value proposition



Confidence rising for H2

- > even though some question marks remain for Q4

# H2 priorities

1

## Consolidate operational performance improvement

- > continue to increase our utilization rates
- > maintain our promising trend in HR
- > focus progressively on pricing

2

## Redouble efforts in our priority areas

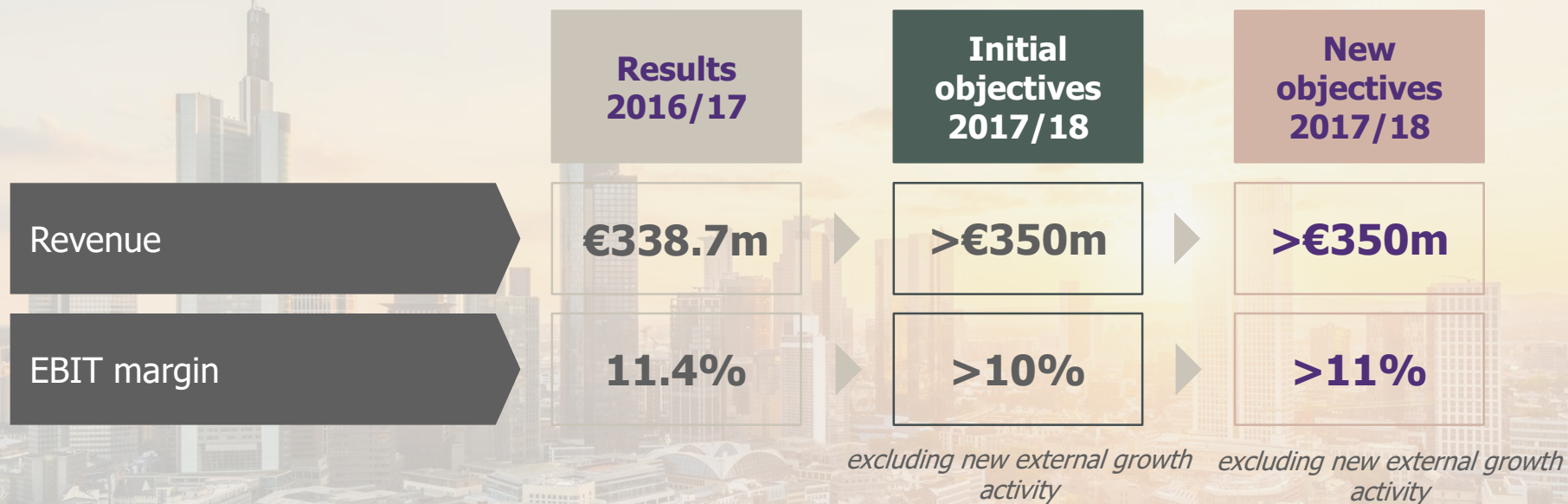
- > capitalize on our first successes on the bank of the future and connected vehicles
- > win key positions in state-sector modernization and new energy models

3

## Continue in our endeavor to achieve new acquisitions, especially internationally



# 2017/18 profitability objective revised upward



# Financial calendar: upcoming events





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