



WAVESTONE

Half-yearly results for the 2018/19 fiscal year

Investors' meeting

December 5, 2018

Presenters



Pascal Imbert

CEO



Patrick Hirigoyen

Director General



Cécile Trinquier

Domain HR Manager



In a world where the ability to drive transformation is the key to success, we inform and guide our clients in their most strategic decisions.



Clients who are leaders in their sector



2,800 employees across 8 countries



A leading independent player in European consulting, and the number one in France.

Paris | London | New York | Hong Kong | Singapore* | Dubai* | São Paulo*
Luxembourg | Madrid* | Milan* | Brussels | Geneva | Casablanca | Istanbul*
Lyon | Marseille | Nantes

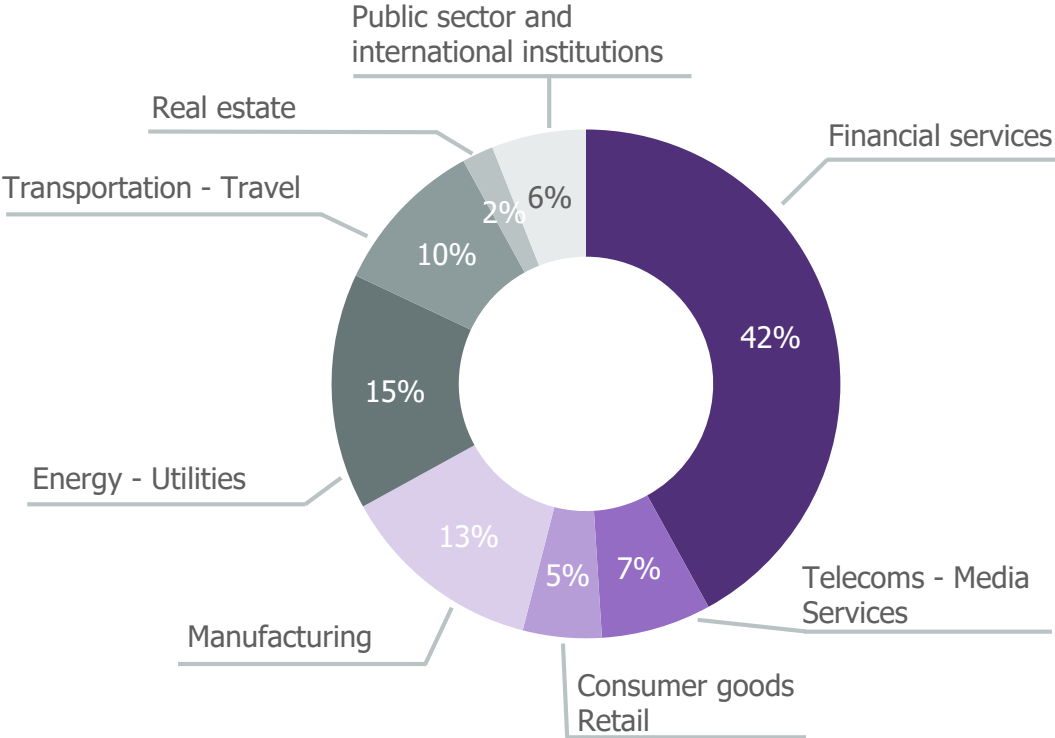
* Through partnerships



Top-20 clients 2017/18

BNP Paribas	10%
Societe Generale	9%
EDF	7%
SNCF	5%
La Poste	5%
Crédit Agricole	5%
Total	3%
BPCE	3%
Alstom	3%
UGAP	2%
ENGIE	2%
Sanofi-Aventis	2%
Orange	2%
Saint Gobain	2%
SUEZ	2%
AXA	1%
Allianz	1%
AMF	1%
L'Oréal	1%
PSA	1%

Breakdown of revenue by sector 2017/18



Revenue 2017/18

France	89%
International	11%

Agenda

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- 02 Human resources, the major challenge of the fiscal year
- 03 2018/19 H1 results
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Highlights of H1 2018/19

Half-yearly growth in line with the roadmap despite a mixed second quarter

Revenue <i>€m - unaudited consolidated data</i>	H1 2018/19	H1 2017/18	Change	Change on a constant forex basis	Change at constant scope ¹ and on a constant forex basis
Q1	95.9	85.4	+12%	+13%	+9%
Q2	86.7	81.2	+7%	+7%	+4%
H1	182.6	166.5	+10%	+10%	+7%

¹UK firm, Xceed, has been consolidated since April 1, 2018

- / An increase of +10%, compared with H1 2017/18, and organic growth of 7%
- / A slowdown in Q2

Decline in the consultant utilization rate in Q2; increase in sales prices

	H1 2018/19 (6 months)	2017/18 fiscal year (12 months)	
Consultant utilization rate	76%	77%	▶ Decline in Q2: a slowdown in activity over the summer; insufficient level of new projects in September
Average daily rate (ADR)	€868	€848	▶ Sales prices up +2.4%, above the +1% to +2% targeted for 2018/19
Order book	3.3 months	3.7 months	▶ Reduction in visibility immediately after the summer

Persistently high staff turnover; sustained rate of recruitment

- / Staff turnover remains a major concern
 - > 21% on a full-year basis
 - > compared with 16% for the previous fiscal year
- / Sustained level of recruitment in line with the annual hiring plan (600 hires)
 - > despite an increasingly competitive labor market
- / 2,851 employees at September 30, 2018 (including Xceed)
 - > compared with 2,825 at the end of June, and 2,793 at March 31, 2018

Xceed: A difficult first six months; signs of a reversal of this trend in H2

/ Marked slowdown in activity in H1

- > as a result of reduced activity at Xceed's main client
- > decline in revenue and negative EBIT margin

/ More positive signals for H2

- > improving sales
- > rapid development of synergies
- > swift and successful integration



Wavestone ranked in 1st place in its category in the 2018 Gaïa Rating



/ 1st in the category for companies with revenue between €150m and €500m

> for the 2nd consecutive year

/ New impetus for CSR based on four key themes

> responsible employer

> trusted partner

> positive societal impact

> committed consulting



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Human resources, the major challenge
of the fiscal year

H1 2018/19: a mixed picture in terms of human resources



Hiring in line with the firm's plan

More than 600 hires planned

Concerns about staff turnover

21% on a full-year basis

A fiercely competitive labor market



General increase in recruitment forecasts

across all sectors



Acceleration of turnover in all consulting firms

turnover levels generally around 25%



A trend that affects Wavestone too

departures mainly related to external opportunities



Who leaves Wavestone? For which reasons?



Length of service:

75% of departures concerned employees with less than 6 years' service



Pattern of increasingly early departures:

30% of departures concerned employees with less than 2 years' service



Destinations:

1/ major companies, 2/ consulting firms, 3/ start-ups and geographic mobility



"Negative" reasons for departures:

projects, prospects, work-life balance

Our improvement levers: quality of execution and commitment

QUALITY OF EXECUTION

- / Increase in the size of the HR team (excluding recruitment team): +20% over 1 year
- / Launch of a training plan for 600 Wavestone managers over the fiscal year
- / Move from monthly to weekly steering of staff retention activity

COMMITMENT

- / Empowerment of line managers
- / Acceleration of youngest employee involvement in Wavestone's development

ELIMINATION OF IRRITANTS

- / Employee promise on hiring, quality of working life
- / Clarity and coherence of training activities
- / Possible management failures

Outlook 2018/19



Confidence in the effectiveness of our actions



Rapidity of results difficult to predict



Moves to go beyond the recruitment plan already well underway



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2018/19 H1 results

EBIT margin 10.9%, up by 1 percentage point

Consolidated data at 09/30 (€m), limited review	H1 2018/19	H1 2017/18	<i>Change</i>	Fiscal year 2017/18
Revenue	182.6	166.5	+10%	359.9
EBIT	19.9	16.4	+21%	50.6
<i>EBIT margin</i>	10.9%	9.9%		14.1%
Amortization of client relationships	(1.3)	(1.3)		(2.5)
Other income and expenses	(0.2)	0.0		(1.3)
Operating income	18.5	15.2	+22%	46.8
Cost of net financial debt	(0.8)	(1.0)		(1.9)
Other income and expenses	0.4	(0.6)		(1.0)
Income tax expenses	(7.4)	(5.6)		(17.3)
Group share of net income	10.6	8.0	+33%	26.6
<i>Net margin</i>	5.8%	4.8%		7.4%

41% increase in gross cash flow margin

Consolidated data at 09/30 (€m), limited review	H1 2018/19	H1 2017/18	Fiscal year 2017/18
Gross cash flow margin	15.9	11.3	32.9
Change in WCR	(17.6)	(25.7)	(2.8)
Net cash flow from operations	(1.7)	(14.4)	30.1
Net cash flow from investments	(20.8)	(1.5)	(3.0)
Change in financial assets	(4.9)	1.1	1.1
of which changes in scope	(15.2)	(1.4)	(1.4)
Net cash flow from financing operations	1.3	(8.1)	(13.3)
of which dividends	(4.1)	(3.0)	(3.0)
of which loan repayments	(6.1)	(4.7)	(9.5)
of which loan subscription	12.0	0.3	0.7
Change in cash and cash equivalents	(21.2)	(24.0)	13.8

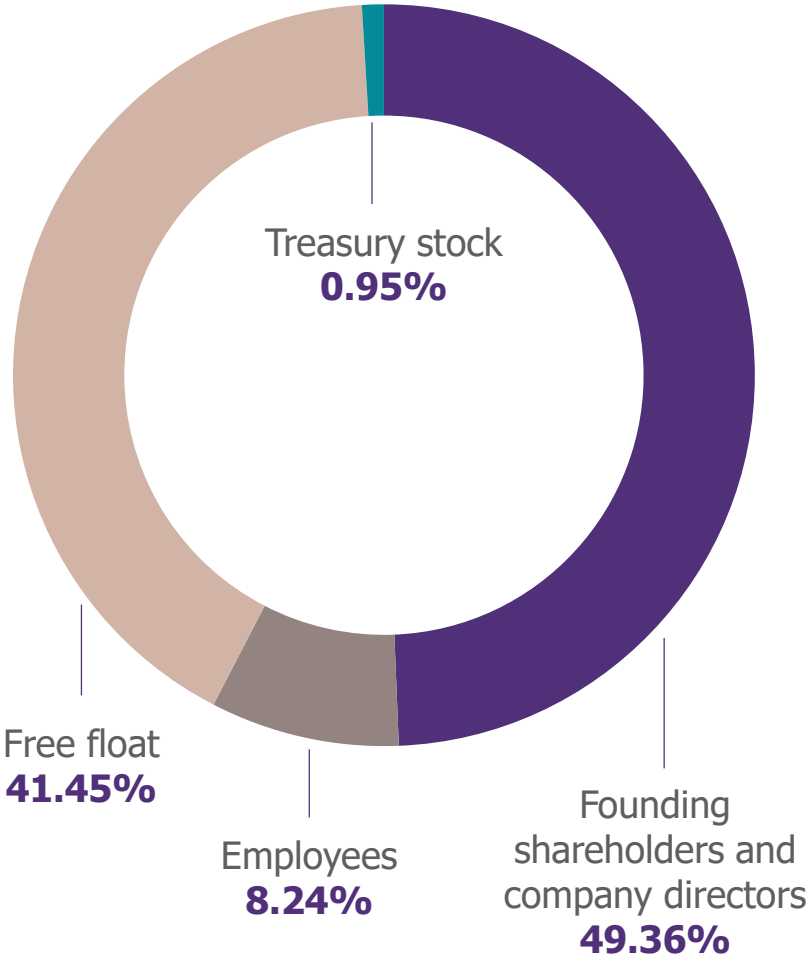
Net debt in line with usual seasonal pattern

Consolidated data (€m)	09/30 2018	03/31 2018	Consolidated data (€m)	09/30 2018	31/03 2018
Non-current assets of which goodwill	167.7 130.9	157.1 118.9	Shareholders' equity of which minority interests	129.5 0.0	130.2 0.0
Current assets of which trade receivables	152.5 126.2	152.2 123.9	Non-financial liabilities	128.9	144.4
Cash and cash equivalents	31.0	52.1	Financial liabilities of which less than one year	92.8 20.6	86.7 16.7
TOTAL ASSETS	351.3	361.3	TOTAL LIABILITIES	351.3	361.3

Net debt: €61.7m

compared with €76.4m at the end of September 2017, and €34.6m at March 31, 2018

Breakdown of share capital at September 30, 2018



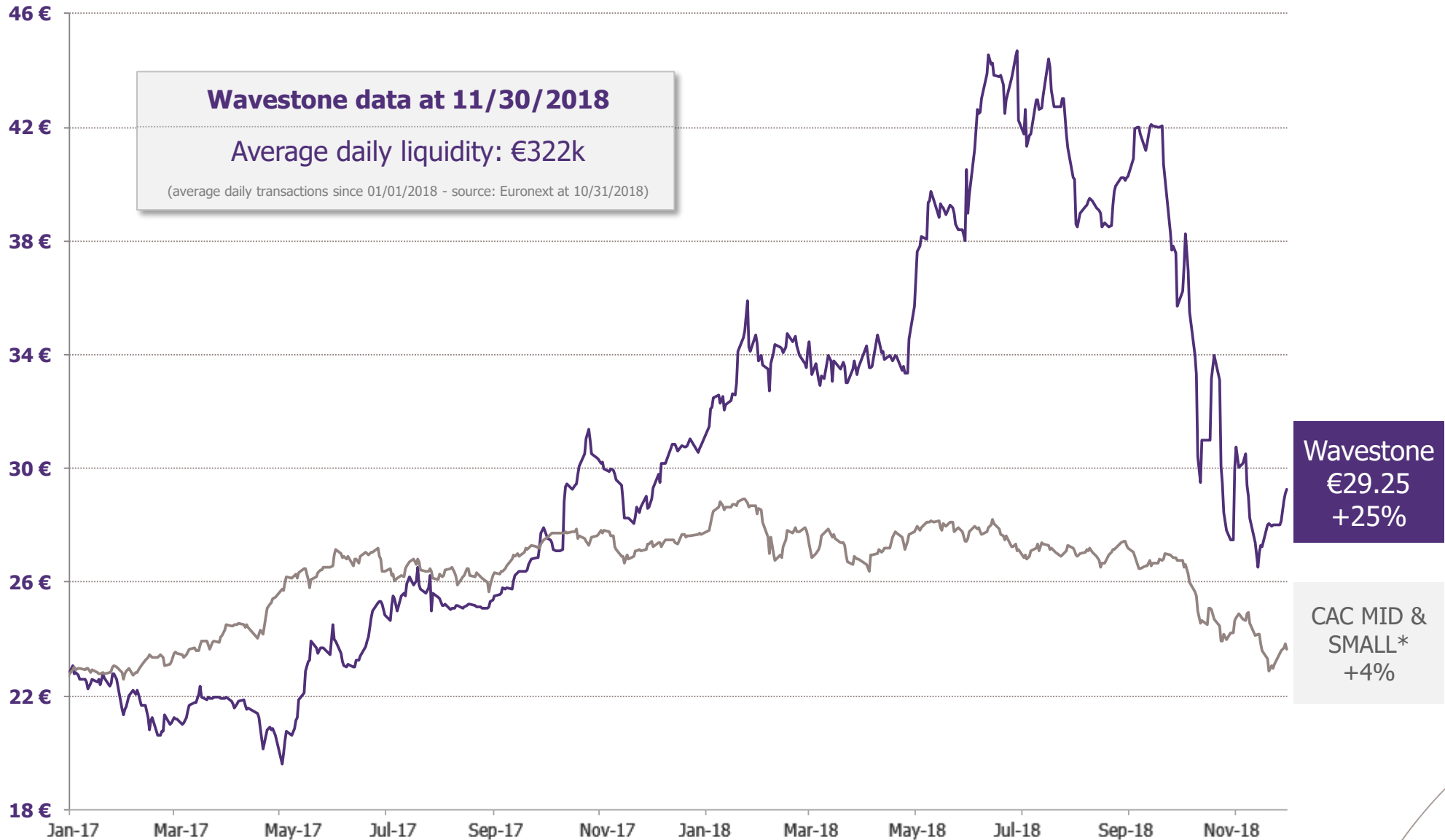
Number of shares: **20,196,492**

Potential net dilution of treasury stock: **0.11%**

Dividend distributed in August 2018:
€0.20 per share* (+33%)

**Recalculated following the division by four of the par value of Wavestone shares which took place in early September*

A reversal of the small & midcaps trend that has caused a sharp decline in the Wavestone share price since September



* CAC Mid & Small rebased on Wavestone's opening price at December 31, 2016



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Outlook

Acquisition of Metis Consulting, a supply chain specialist



Metis Consulting advises companies in the transformation of their **supply chain operations**

- > clients mostly from retail, e-commerce, and luxury sectors
- > 6 partners, who will continue to head up Metis



Ambition

- > make Wavestone a leader in supply chains
- > carve out a distinctive position in supply chain digitalization



Details of the operation

- > purchase price: **~€7.6m in enterprise value**
- > plus **€2.9m**, depending on performance over the next 18 months
- > consolidated on November 1, 2018

METIS CONSULTING
A WAVESTONE COMPANY

**Revenue: €8.7m at
03/31/2018**

**~40 employees
(Paris)**

Regular growth

EBITDA margin over 15%

Promising overall market conditions despite greater economic uncertainty

/ After a mixed picture in the final months of H1...



Slowdown over summer and in September

Less traction in financial services

/ ...a return of sales to the norm early at the start of Q3



Order taking on track in October and November

A greater economic uncertainty

Priorities in H2

1

Quality of execution

- / Further intensify HR-related actions
- / Improve operational performance, especially utilization rate

2

Maintain focus on key market transformations

- / The bank of the future
- / Autonomous vehicles and new forms of mobility
- / Energy transition
- / Public sector modernization

3

Continue to pursue external growth, especially internationally



Confirmation of 2018/19 objectives

/ A satisfactory six months

- > +10% growth; +7% at constant scope and exchange rates
- > a full percentage point improvement in EBIT margin

/ A closer monitoring for the next months

- > but demand still buoyant at the start of Q3
- > a greater economic uncertainty

	Results 2017/18	Objectives 2018/19
Revenue	€359.9m	Growth >8%
EBIT margin	14.1%	>13%

*including Xceed
and excluding Metis Consulting*

Financial calendar: next events



PARIS

LONDRES

NEW YORK

HONG KONG

SINGAPOUR*

SAO PAULO*

LUXEMBOURG

MADRID*

MILAN*

BRUXELLES

GENÈVE

CASABLANCA

ISTANBUL*

* Partenariat

WAVESTONE

