

Shareholders' letter



Pascal Imbert
CEO

FOREWORD

« Pursuing strong positioning on major market transformations »

Dear shareholder,

The firm's very strong performance over the 2017/18 fiscal year, which resulted in a revenue of €360m—above our target—and a record EBIT margin of 14.1%, propelled the price of Wavestone shares to its highest ever level in mid-June: €45 (equivalent to €180 before the division of the par value of shares by four in early September - see page 4). Since this high point, the share value has declined significantly, like those of many mid-cap companies, to settle at its present value of about €30. Many shareholders have asked us about this drop in share price, especially during meetings of our Shareholders Club.

Aside from concerns about the state of the global economy, a backdrop of industrial tension and the anticipation of an interest rate rise has led to "small- and mid-cap" markets bearing the brunt of an outflow of institutional investor capital, something that accelerated sharply in September and October.

This market trend has been even more pronounced for IT and consulting services companies, a sector valued highly in recent months on the basis of dynamic growth and high margins. Investors are now more cautious about future growth, a concern due, in part, to pressures on human resources.

The decline in share value in recent weeks, however, needs to be kept in perspective, given the very strong performance of Wavestone shares over a longer period. Share values have still increased by nearly +90% over three years, and +290% over five years, compared with +15% and +49%, respectively, for the CAC Mid & Small index overall.

Despite greater economic uncertainty, demand from our clients remains strong. This is evidenced by the fact that digital and innovation have become core, long-term drivers in our market. Whether its redesigning customer journeys, reinventing ways of working, reimagining failing business models, or thinking through public-sector activity, the changes are profound and multifaceted. Such transformations should not be feared though; on the contrary, they represent opportunities to create value for all stakeholders. This is the message we communicate to our clients.

And to further exploit this potential, as set out in our Wavestone 2021 strategic plan, we aim to take strong positions on a number of key market transformations, such as the bank of the future, energy transition, public-sector modernization, and autonomous vehicles and new forms of mobility. All in all, a host of key areas that form a solid platform for Wavestone to continue its development.

Yours sincerely,

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Shareholder's Guide

THE POSITIVE WAY

A new brand strategy to help realize our 2021 ambitions

To support its 2021 strategic ambition to be a benchmark brand, Wavestone has pursued a process of redesigning its brand strategy. The objective? To develop a powerful corporate personality and increase our profile among the leaders of major companies.

The first key element: the brand platform

The first step in the process was reworking the brand platform: the key messages that Wavestone communicates to differentiate itself. This is, in essence, the backbone of the brand strategy, the foundation that ensures the various actions involved are consistent. But beyond the words themselves, it's about communicating an approach. In a service business like consulting, it is consultants who, first and foremost, personify a brand for clients. Therefore, it's imperative that all employees are committed to the approach if they are to become natural ambassadors for the Wavestone brand. An essential, then, is to work on the brand experience with all the firm's stakeholders (clients, candidates, employees, partners, suppliers, associations, shareholders, etc.).

As part of the process, Wavestone engaged an external branding firm and created two working groups which brought together employees from different parts of the company. The work was also informed by the results of a spontaneous brand-awareness survey.

This analysis led to the creation of an emotionally-based brand platform, personified in the tagline "The Positive Way".

Interviews with clients and workshops with employees of all types enabled us to confirm that "The Positive Way" is a core element of Wavestone's DNA. It's not about creating a new corporate culture, but about strengthening the existing culture—by capitalizing on what's already in place.

Communication... but not only!

But the platform is only the beginning of the story. Beyond words, it takes concrete actions to build a brand. Communication is essential in presenting "The Positive Way" to those outside the company's immediate circle. The 2017/18 annual report is a first illustration of this. Beyond communication, a 2018-2021 corporate action plan is in development; this will set out and share initiatives across all areas, especially the client and candidate experience.

Lastly, "The Positive Way" is also a commitment that Wavestone makes as a company to have a positive impact on all of its stakeholders, something evidenced by our partnerships with Les Échos and Sparknews (the "Positive Business" study), the Positive Planet Foundation (the Global Positive Forum), and at the Actionaria trade show (in the "investing to change the world" space). Concrete actions directly linked to the CSR dimension of the 2021 strategic plan.

FOCUS ON

Acquisition of consulting firm Metis Consulting with the ambition of becoming a leader in supply chains

Wavestone has announced its acquisition of management consulting firm Metis Consulting, a supply chain specialist. At a time when digitalization of the economy has propelled the supply chain into a position as a central performance driver in many business sectors, this merger with a recognized specialist enhances Wavestone's expertise. Wavestone will continue to position itself strongly with respect to market transformations, particularly those taking place in the retail, e-commerce, and luxury sectors, working with major accounts like Carrefour, Fnac Darty, Kering, L'oréal, LVMH, or Maisons du Monde and Saint-Gobain.

€8,7M

Revenue
2017/18

>15%

EBITDA margin

~40

Employees

New CSR strategy

The launch of the Wavestone 2021 strategic plan was an opportunity to restructure the company's CSR approach, with the aim of securing a top-three position for the firm, within its category, every year.

How did you work up this CSR 2.0 approach?

PM: For the firm's new CSR approach to fully reflect employee values and be directly integrated into our modes of operation, a consultation took place in January 2018 on Yammer, the company's social network. Wavestone's employees grasped the subject with both hands, generating hundreds of likes, comments, suggestions, and counterproposals. Workshops were then conducted with over 300 participants, across nine sites, to prioritize the proposals.

How is this approach being rolled out?

SH: Following this broad consultation, and the clear articulation of the themes and commitments, objectives for the 2021 horizon have been developed to provide a time frame and tangible criteria for the approach. Each workstream is supported by a pair of individuals whose role is to act as guarantor of the action plan's outcome and to lead volunteer working groups to achieve the objectives set. But, even without waiting for the roll out of this new approach, CSR is already a reality for our employees. Our global solidarity day, Powerday, which took place last August, was a great example of this—with over 1,000 employees taking part, both in France and internationally.

What does it mean to be "a committed consulting firm?"

PM: For Wavestone, being a committed consulting firm means acting at our level to change the society and the world we live in. The best way to act is to use our expertise—consulting—to propagate our values, going beyond what we alone are responsible for to positively impact the individuals and businesses we touch through our actions.

SH: Giving everyone the power to change the world in small ways means enabling our employees to be fulfilled and to be useful. This new CSR approach has engaged Wavestone's employees at a level that goes beyond our expectations, something we're particularly proud of!

Interview with
Séverine Hassler
(CSR manager)
Philippe Mirmand
(Partner)

8 PRIORITY OBJECTIVES FOR THE 2021 HORIZON:

2021 Objective

Current performance

Having the same proportion of women in positions of responsibility (operational or line management) as in the workforce in general

Respectively, **30%** and **36%** at 03/31/2018

Ensuring 30% of executive committee members are women

17% at 03/31/2018

Tripling the number of employees with a disability

11 at 12/31/2017

That 100% of employees¹ are trained in business ethics

No training to date

That 100% of employees¹ are trained in data protection

70% of new hires trained at 03/31/2018

Carry out our activities within a clear and responsible framework when it comes to choosing projects and clients

No framework to date

Develop a responsible consulting charter and train 100% of employees¹ on its application

No charter to date

Devote 1% of the firm's time to supporting organizations that benefit society

About **0.2%** at 09/01/2017

¹ Employees who have been with the firm for at least one year

NEWS

Recognition for Wavestone in the 2018 Gaïa Rating

The results of the tenth round of the Gaïa Rating were announced on October 15, 2018, at the Palais Brongniart in Paris. For the ninth year in a row, Wavestone was ranked among the 70 best SMEs and intermediate-sized companies in terms of performance against environmental, social, and governance criteria. After being ranked first in its category last year, Wavestone took the first prize again this year, in the category for companies with revenues between €150m and €500m.

Stock market data

Share price at November 15, 2018

€27.30

Number of shares

20,196,492

Market capitalization

€551m

Stock market information

Market: Euronext (Paris)

Compartment B

Mnemonic: WAVE.

ISIN Code: FR0013357621

SRD: long only

Reuters: WAVE.PA

Bloomberg: WAVE

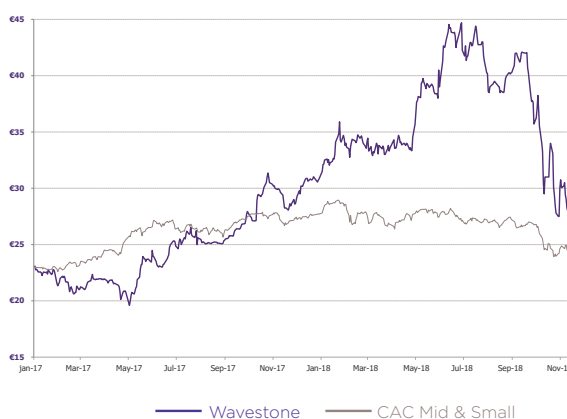
Indices: CAC Mid & Small, CAC Small,

CAC Technology, EnterNext©

PEA-SME 150, TECH 40

Share price performance

From January 1, 2017, to November 15, 2018



Par value of Wavestone shares divided by four on September 4, 2018

Following the adoption of a resolution at the combined Ordinary and Extraordinary Shareholders' General Meeting of July 26, 2018, the division by four of the par value of Wavestone shares has been in effect since September 4, 2018.

Wavestone made this change with a twofold objective in mind: to make shares more accessible and increase their liquidity—given that the company's share price has increased more than fivefold over the last five years.

On September 4, at stock market opening, a shareholder with one share in Wavestone received—in place of this one share—four new shares at a share price divided by four. The number of shares constituting the company's capital has thus been multiplied by four, and now stands at 20,196,492 shares.

As part of the process, the ISIN code of Wavestone shares was changed to FR0013357621. The mnemonic code, however, remains unchanged: WAVE.

The firm also reiterates the importance it places on stock market strategy and shareholder relations.

ABOUT WAVESTONE

Wavestone is a consulting firm founded in 1990 by Pascal Imbert and Michel Dancoisne.

At a time when digital is shaking up ecosystems and new business models are appearing across all business sectors, companies must adapt and pursue disruptive transformations if they are to capitalize on the many opportunities available. Wavestone is supporting them through these revolutions by focusing on a number of key market transformations: the bank of the future, energy transition, autonomous vehicles and new forms of mobility, and the modernization of the public sector.

Wavestone's mission is to inform and guide organizations in these fundamental transformations, with the ambition of making them positive for all stakeholders. That's what we call The Positive Way.

With a revenue of more than €350m, and 2,800 employees in eight countries, Wavestone is a leading independent player in European consultancy, and the number one independent consulting firm in France.

Wavestone has been listed on Euronext Paris since 2000 (ISIN code: FR0013357621 - mnemonic code: WAVE)

Dates for your calendar*

+ January 29, 2018, Q3 revenue 2018/19

+ April 25, 2018, Annual revenue 2018/19

+ May 28, 2019, Annual results 2018/19

* Information is published after stock market closing

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