



WAVESTONE

## Oddo BHF Forum

January 10, 2019



ODDO BHF

# AGENDA

**A** About Wavestone

**B** H1 2018/19 results

**C** Outlook



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

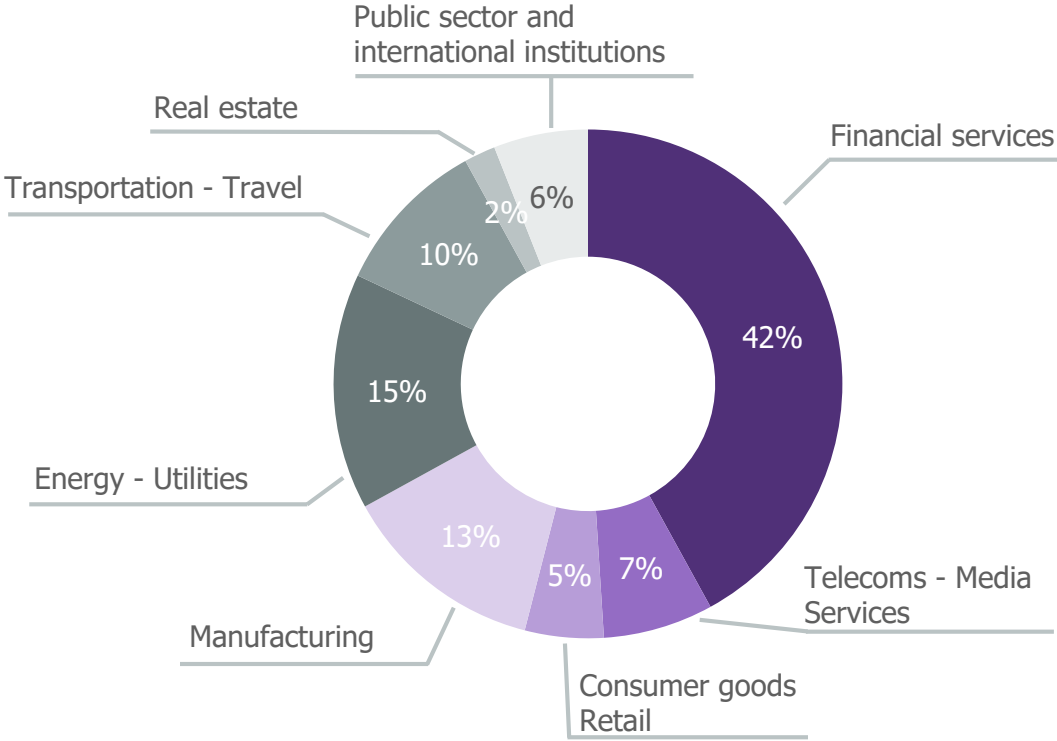
\* Through partnerships



## 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% |

# Wavestone's value proposition at work

**Orange Bank**  
Creation of a mobile bank



**EDF - SOWEE**  
The launch of new IoT service offering



**PSA**  
Platform for connected vehicles



**French Ministry of Justice**  
Digitalization of the criminal procedure



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

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

<sup>1</sup>UK 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<br>(6 months) | 2017/18 fiscal year<br>(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

## EBIT margin 10.9%, up by 1 percentage point

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

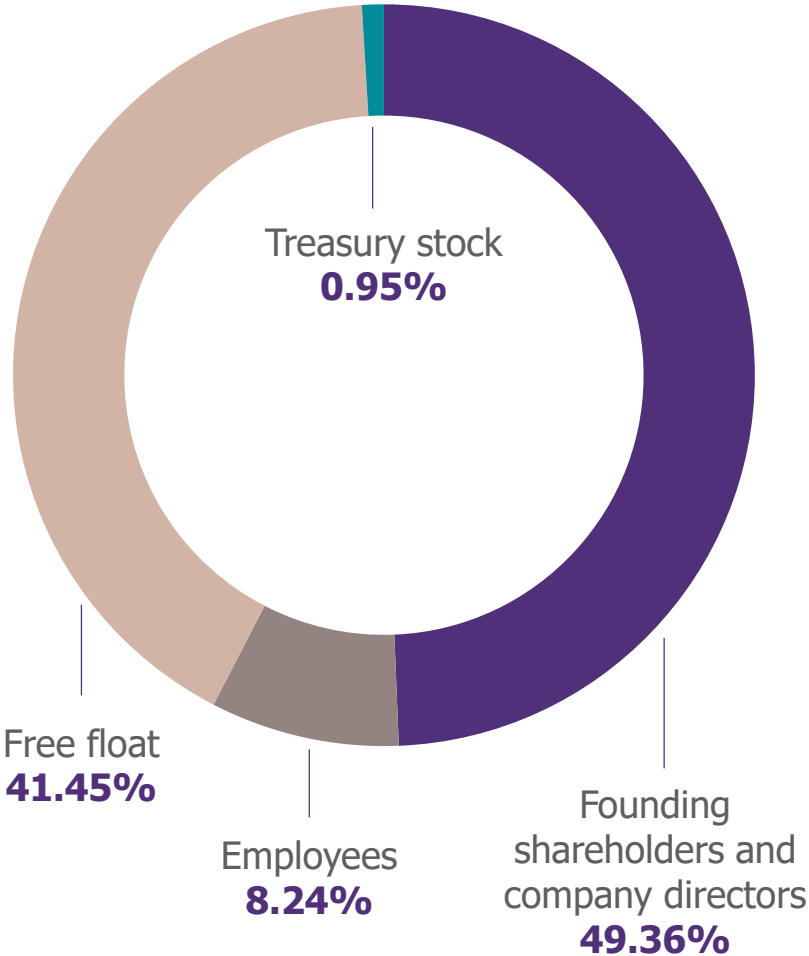
## Net debt in line with usual seasonal pattern

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

**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*

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# Wavestone 2021, Wavestone's strategic plan

**1** Scale

Revenue  
**€500m**  
EBIT margin  
**15%**

**2** Reputation

**No. 1** for  
transformation  
consulting in  
France

**3** Commitment

In the **top 3**  
in our category  
on CSR\*

**4** International

**€100m**  
of revenue  
outside France

**2021**  
WAVESTONE



# Acquisition of Xceed Group in April 2018



A consulting firm that specializes in leading **IT transformation** programs for **major banks and financial institutions**



First operational **synergies** (contracts for the first joint projects are now signed)



Integration is **on track**

- > Despite of a slowdown in Xceed's activity over the period
- > Gathering teams in the same offices (relocation is complete in both New-York and London)
- > Brand harmonization (switchover to the Wavestone brand completed since mid-September)

**60 employees**  
(London and New York)

**2017 consolidated revenue:**  
**£13.3m\***  
(about €15.3m)

**Adjusted 2017 EBITDA**  
**greater than 20%**

**Price of £11.5m (EV) plus an**  
**earn-out of up to £5m**

*\* at 11/30/2017*



# 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%**

# A greater economic uncertainty

/ 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 since beginning of H2



Order intake on track during Q3

Gradual utilization rate recovery

But a growing concern among clients about environment in 2019

# 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

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

*including Xceed  
and excluding Metis Consulting*





PARIS

LONDON

NEW YORK

HONG KONG

SINGAPORE \*

DUBAI \*

SAO PAULO \*

LUXEMBOURG

MADRID \*

MILANO \*

BRUSSELS

GENEVA

CASABLANCA

ISTANBUL \*

EDINBURGH

LYON

MARSEILLE

NANTES

\* Partners

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