



WAVESTONE

## 2018/19 annual results

Conference call

May 29, 2019

# Speakers



**Pascal Imbert**

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CEO



**Tiphane Bordier**

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CFO

# +9% annual growth in 2018/19; equivalent to +5% organic growth

Consolidated audited data at 03/31 (in €m)	2018/19	2017/18	Change <sup>1</sup>	Change at constant scope <sup>2</sup> and on a constant forex basis
<b>12-month revenue</b>	<b>391.5</b>	359.9	+8.8%	+5.0%

<sup>1</sup> identical at constant exchange rates

<sup>2</sup> Xceed has been consolidated since 04/01/2018, and Metis Consulting since 11/01/2018

/ Annual growth of +8.8%, in line with the revised target set at the end of January (>+8.5%)

# Consultant utilization rate under pressure; growth in sales prices

	2018/19 fiscal year (12 months)	2017/18 fiscal year (12 months)	
Consultant utilization rate	75%	77%	▶ A disappointing end to the year (74% in Q4, compared with 75% over the 12-month period)
Average daily rate (ADR)	€872	€848	▶ A progression of +2.8% in 2018/19; better than the firm's +1% to +2% target range for the fiscal year
Order book	3.6 months	3.7 months	

# Slowdown in staff turnover

## / Slowdown in staff turnover in H2 2018/19

- > 18% over the 12-month period (compared with 21% [on an annual equivalent basis] at the end of September)
- > the company is gradually converging toward its objective of 15%

## / Dynamic picture with regards to recruitment

- > about 800 gross hires over the year, compared with the target of at least 600 originally set

## / 3,094 employees at March 31, 2019 (including Xceed and Metis Consulting)

- > compared with 2,793 at March 31, 2018



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## A resilient EBIT margin of 14.1%

Consolidated audited data at 03/31 (in €m)	2018/19	2017/18	Change
<b>Revenue</b>	<b>391.5</b>	<b>359.9</b>	<b>+9%</b>
<b>EBIT</b>	<b>55.2</b>	<b>50.6</b>	<b>+9%</b>
<i>EBIT margin</i>	<i>14.1%</i>	<i>14.1%</i>	
Amortization of client relationships	(2.3)	(2.5)	
Other operating income and expenses	(0.5)	(1.3)	
<b>Operating income</b>	<b>52.4</b>	<b>46.8</b>	<b>+12%</b>
Cost of net financial debt	(1.7)	(1.9)	
Other income and expenses	(0.1)	(1.0)	
Income tax expenses	(19.9)	(17.3)	
<b>Group share of net income</b>	<b>31.0</b>	<b>26.6</b>	<b>+16%</b>
<i>Net margin</i>	<i>7.9%</i>	<i>7.4%</i>	

## Cash flow higher than the level of acquisitions

Consolidated audited data at 03/31 (in €m)	2018/19	2017/18 restated <sup>1</sup>	2017/18 published
<b>Gross cash flow margin</b>	<b>43.1</b>	<b>33.9</b>	<b>32.9</b>
Change in working capital requirements	(10.4)	(2.8)	(2.8)
<b>Net cash flow from operations</b>	<b>32.6</b>	<b>31.2</b>	<b>30.1</b>
<b>Net cash flow from investments</b>	<b>(23.4)</b>	<b>(4.1)</b>	<b>(3.0)</b>
Change in financial assets	(0.3)	0.0	1.1
of which changes in scope	(21.6)	(1.4)	(1.4)
<b>Net cash flow from financing operations</b>	<b>(11.1)</b>	<b>(13.3)</b>	<b>(13.3)</b>
of which dividends	(4.1)	(3.0)	(3.0)
of which share buybacks	(8.1)	0.0	-
of which loan repayments	(17.3)	(9.5)	(9.5)
of which loans received	19.6	0.7	0.7
<b>Change in cash and cash equivalents</b>	<b>(1.8)</b>	<b>13.8</b>	<b>13.8</b>

<sup>1</sup> Change in the presentation of its cash flow statement to better reflect the effects of buybacks of its own shares.

## A solid financial situation

Consolidated audited data at 03/31 (in €m)	03/31 2019	03/31 2018
<b>Non-current assets</b>	177.4	157.1
of which goodwill	140.6	118.9
<b>Current assets</b>	156.1	152.2
of which trade receivables	130.4	123.9
<b>Cash and cash equivalents</b>	50.7	52.1
<b>TOTAL ASSETS</b>	<b>384.2</b>	<b>361.3</b>

Consolidated audited data at 03/31 (in €m)	03/31 2019	03/31 2018
<b>Shareholders' equity</b>	150.8	130.2
of which minority interests	0.0	0.0
<b>Non-financial liabilities</b>	144.0	144.4
<b>Financial liabilities</b>	89.4	86.7
of which less than one year	23.7	16.7
<b>TOTAL LIABILITIES</b>	<b>384.2</b>	<b>361.3</b>

**Net debt: €38.7m**

*compared with €34.6m at March 31, 2018*



# A disappointing fiscal year closure for 2018/19 and a shifting business climate

## / Disappointing performance over recent months

- > a rise in the value of consulting services that has helped boost sales prices...
- > ...but mirrored by an insufficient rate of order uptake, leading to a sharp erosion in consultant utilization rate

## / Greater economic uncertainty

- > target clients more cautious and judicious
- > especially in the banking sector

## / A settling human resources picture



# More intense business development efforts; continued focus on growth



/ An increase in the level and effectiveness of business development activities

/ Maintaining high levels of recruitment

- > pursuit of growth, even if it means a brake on improvements in consultant utilization rate in the short term.
- > target of over 600 gross hires
- > without losing focus on sustained efforts to bring staff turnover under control

/ Continued pursuit of external growth, especially internationally

- > aim to make one to two acquisitions over the year
- > with international targets as a priority

# 2019/20 guidance

## / Prudent objectives

- > performance disappointing at the end of the 2018/19 fiscal year
- > and a less buoyant market

	2018/19 results	2019/20 objectives
Revenue	€391.5m	Growth >5%
EBIT margin	14.1%	>13%

*including Metis Consulting and  
excluding new acquisitions*



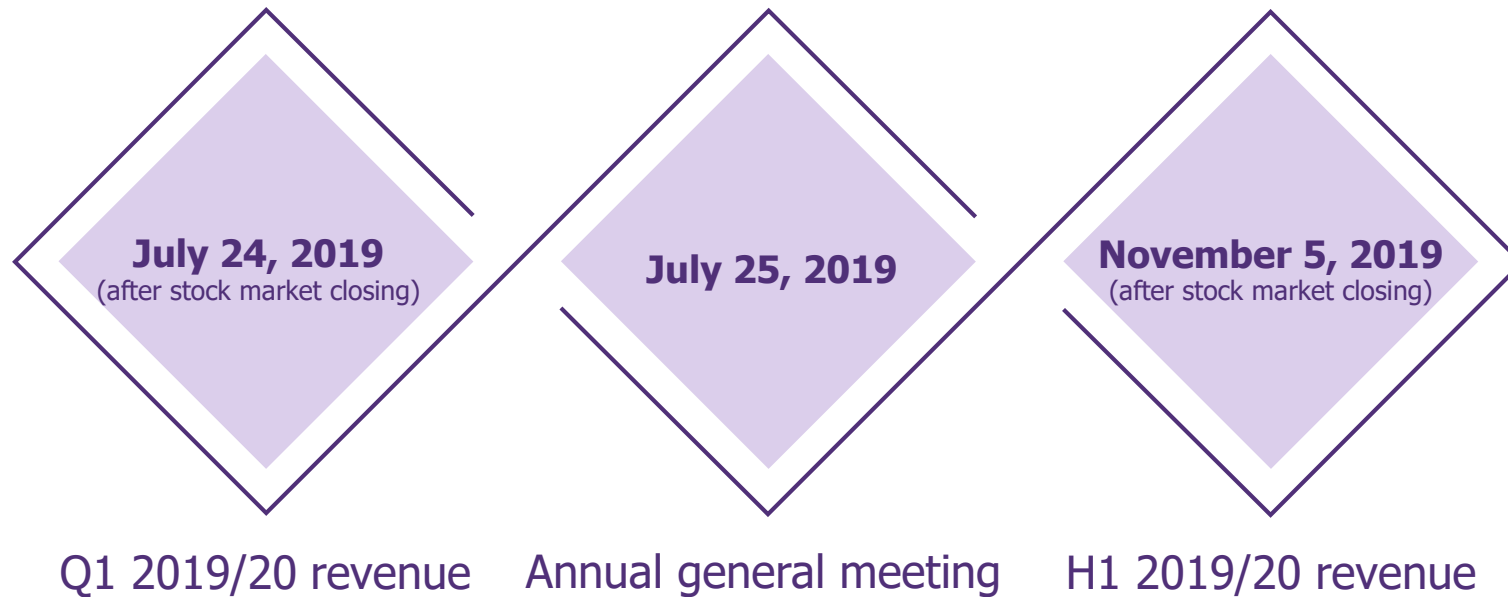
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Q&A session

Conference call

May 29, 2019

## Financial calendar: next events



PARIS

LONDON

NEW YORK

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