



WAVESTONE

FY 2018/19 & Q1 2019/20 update

July 25, 2019

# Presenters



**Michel Dancoisne**

Chairman of the Supervisory Board



**Pascal Imbert**

CEO



**Patrick Hirigoyen**

Director General



**Tiphany Bordier**

CFO

# Agenda

/ A FY 2018/19 overview

/ B Q1 2019/20 revenue and highlights

/ C Q&A



**/ A**

Overview of FY 2018/19



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 sectors



3,000 employees  
across 8 countries



A leading independent  
European consulting firm

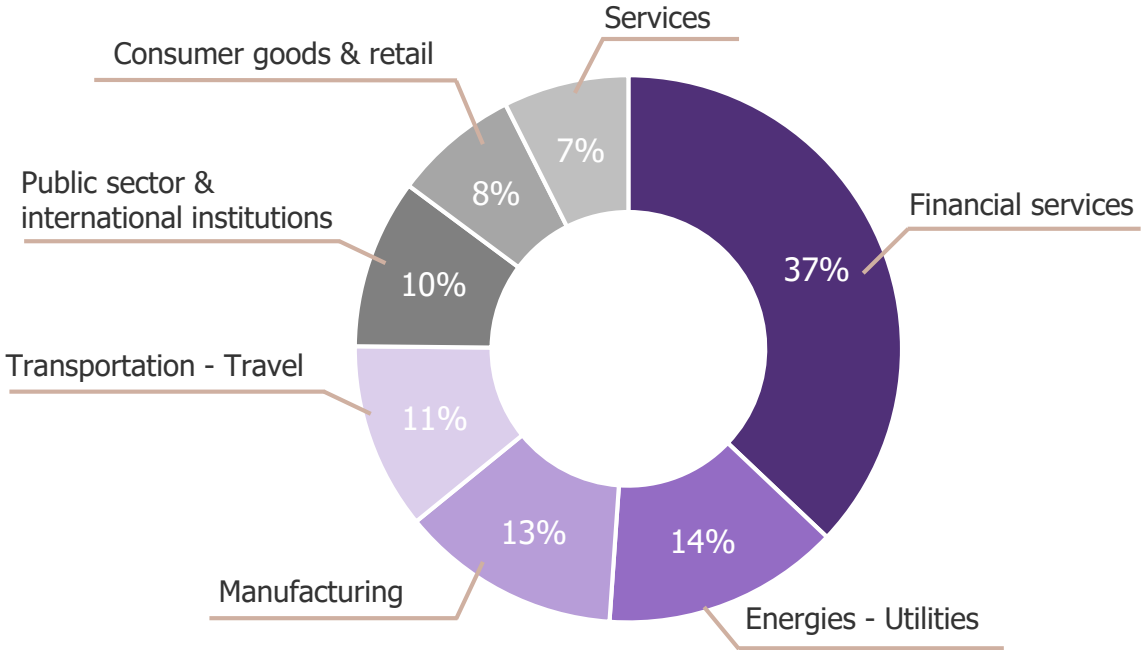
Paris | London | New York | Hong Kong | Luxembourg  
Geneva | Brussels | Casablanca | Lyon | Marseilles | Nantes



## Top 20 clients 2018/19

SOCIETE GENERALE	9%
BNP PARIBAS	7%
EDF	7%
SNCF	6%
LA POSTE	5%
CREDIT AGRICOLE	4%
TOTAL	4%
UGAP	3%
SANOFI	3%
BPCE	2%
ENGIE	2%
AXA	2%
SAINT GOBAIN	2%
PSA	1%
RENAULT	1%
L'ORÉAL	1%
AMF	1%
ALSTOM	1%
ALLIANZ	1%
CHANEL	1%

## Revenue breakdown by sector 2018/19



## Revenue 2018/19

FRANCE	88%
INTERNATIONAL	12%



/ **01**

2018/19 highlights

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

Audited consolidated data at 03/31 (in €m)	2018/19	2017/18	Change <sup>1</sup>	Change at constant scope <sup>2</sup> and exchange rates
<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



# Consultant utilization rate under pressure, growth in sales prices

	FY 2018/19 (12 months)	FY 2017/18 (12 months)	
Consultant utilization rate	75%	77%	▶ A contracting consultant utilization rate reflecting insufficient level of order intake
Average daily rate	€872	€848	▶ Growth of 2.8% in 2018/19, better than the firm's 1%-2% target range for the fiscal year
Order book	3.6 months	3.7 months	

# Rapid staff growth

## / Particularly dynamic recruitment

- › about 800 gross hires over the year 2018/19, compared with the target of at least 600 originally set

## / Pressure on staff turnover though in the process of returning to normal

- › 18% compared to 16% of the previous fiscal year
- › after a challenging start of year, the firm is gradually converging towards its target of 15%

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

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



**Great  
Place  
To  
Work®**

**Best Workplaces™**

500 à 5000 salariés

FRANCE

**2019**

## Two acquisitions in 2018/19

**XCEED**  
A WAVESTONE COMPANY



- / A London-based consulting firm specialized in leading IT transformation programs for major banks and financial institutions – revenue of €15.3m at 11/30/2017
- / Acquisition consolidated since April 1, 2018
- / After a difficult first half, a significant turnaround in H2 2018/19
- / Integration in Wavestone UK finalized on March 31, 2019

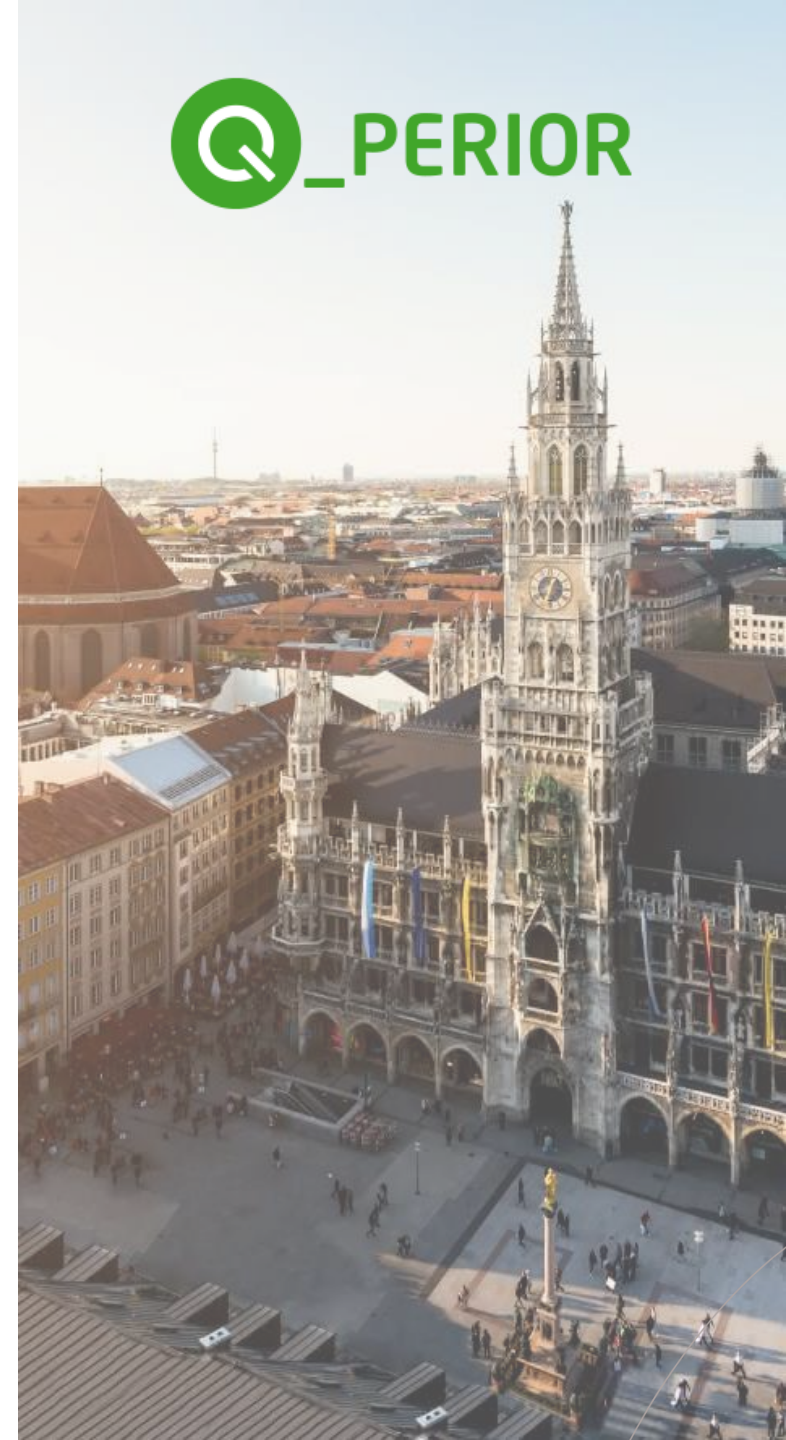
**METIS CONSULTING**  
A WAVESTONE COMPANY



- / A French supply chain consulting firm – 2018 revenue of €8.7m at 03/31/2018
- / Acquisition consolidated since November 1, 2018
- / An excellent performance for the first 5 months, including notably a good consultant utilization rate
- / A target date for full integration of March 31, 2020

## Partnership with the German consulting firm, Q\_PERIOR

- / Q\_PERIOR, a German digital and management consulting firm
  - > 1,100 employees
  - > Locations in Austria, Switzerland, the United Kingdom, Bosnia-Herzegovina as well as the United- States and Canada
  - > 2018 revenue of €195m (+10%)
- / Developing shared commercial opportunities by capitalizing on the two firms' geographical complementarity
- / Reinforcing Wavestone's strengths in the industry sector



# Wavestone on the cutting edge of digital transformation and innovation projects

## Digital transformation projects...



**Carrefour** – Supply Chain for grocery e-commerce



**SNCF Réseau** – Rail infrastructure maintenance performance



**Global distributor of electrical equipment** – Transformation of the e-commerce channel at the European level

## ...and projects focused on innovation



**Enedis** – Home-based charging of electric vehicles



**BPI France** – Artificial intelligence to improve the environment



**European Commission** – Data strategy for European companies



**/ 02**

2018/19 annual results

## A resilient EBIT margin of 14.1%

Audited consolidated 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 financial income and expenses	(0.1)	(1.0)	
Income tax expenses	(19.9)	(17.3)	
<b>Group share of net income</b>	<b>30.8</b>	<b>26.6</b>	<b>+16%</b>
<i>Net margin</i>	<i>7.9%</i>	<i>7.4%</i>	

## A solid financial situation

Audited consolidated data at 03/31 (in €m)	31/03 2019	31/03 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>

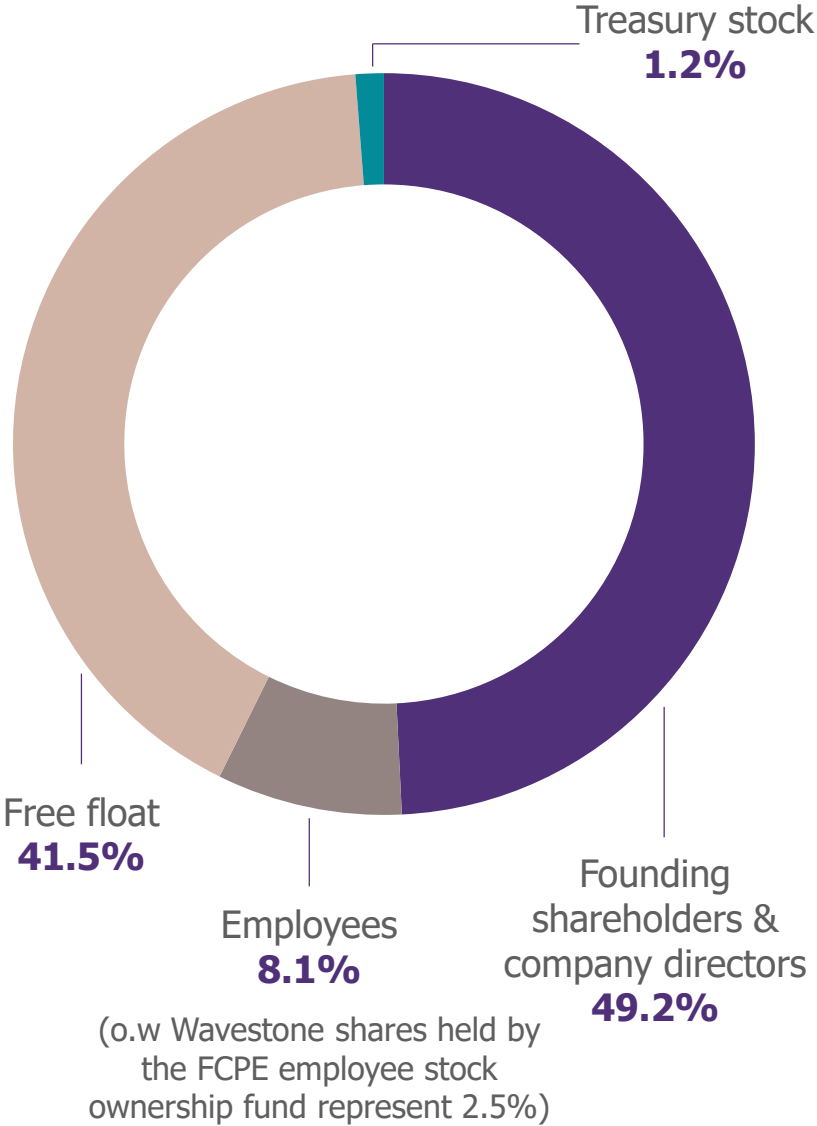
Audited consolidated data at 03/31 (in €m)	31/03 2019	31/03 2018
<b>Shareholders' equity</b>	150.8	130.2
of which minority interests	0.0	0.0
<b>Non-financial liabilities</b>	144.0	144.4
<b>Financial liabilities</b>	89.4	86.7
of which less than one year	23.7	16.7
<b>TOTAL LIABILITIES</b>	<b>384.2</b>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

**Net debt: €38.7m**

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



# Breakdown of share capital at March 31, 2019

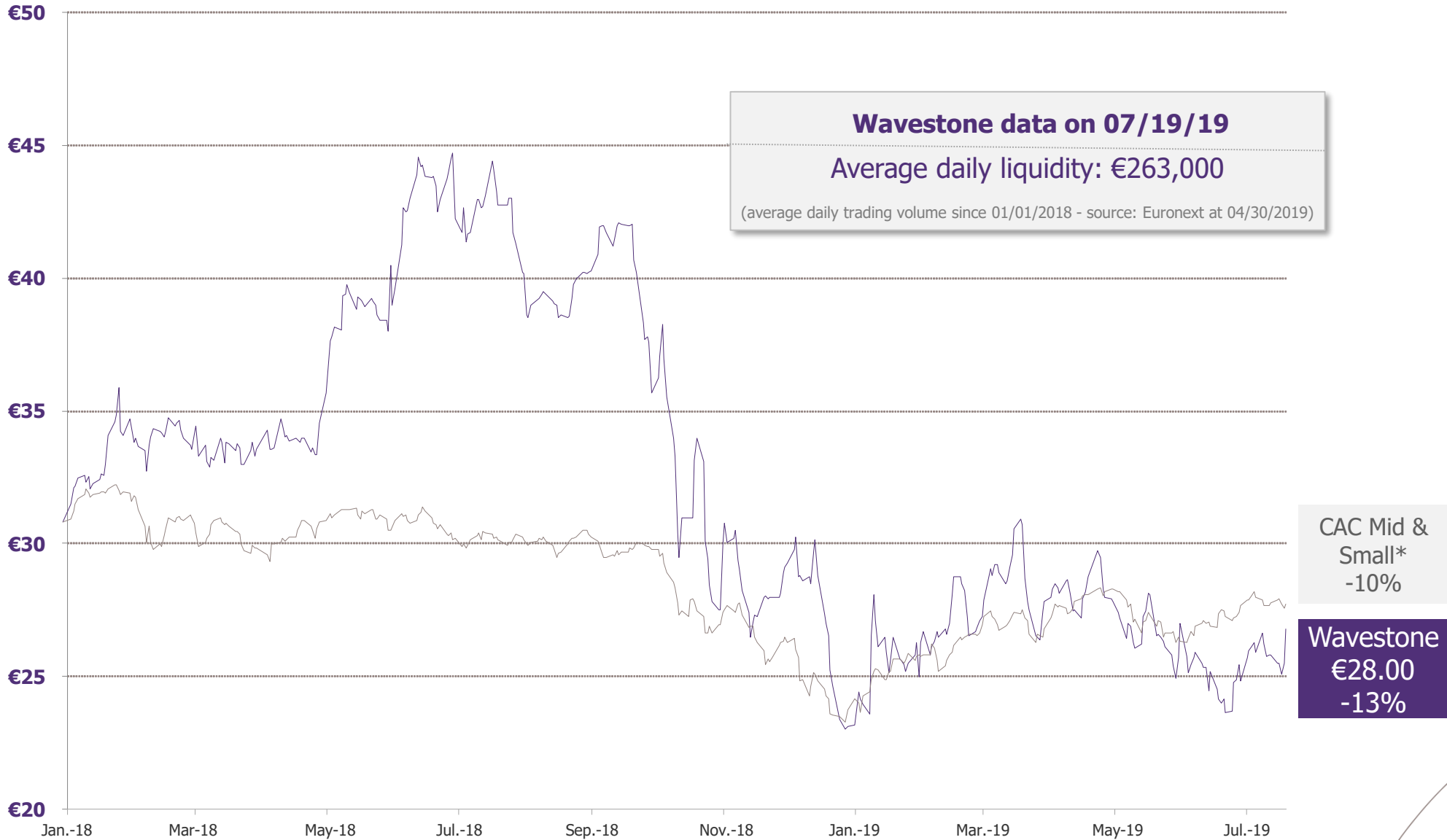


Number of shares: **20,196,492**

No potential dilution

Dividend proposed at the general meeting of July 25, 2019:  
**€0.23 per share (+14%)**

# After a record during summer of 2018, a sharp decline in Wavestone's share price



\* CAC Mid & Small based on Wavestone's opening price at December 31, 2017



/ 03

Outlook

# Pursuit of the Wavestone 2021 strategic plan

/ Ambitions to 2021 confirmed...

/ ...but growth targets under greater pressure

- > in France, growth has been more lackluster in recent months
- > internationally, high valuations are hindering M&A activity

2021  
WAVESTONE

1 Scale

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

3 Commitment

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

2 Reputation

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

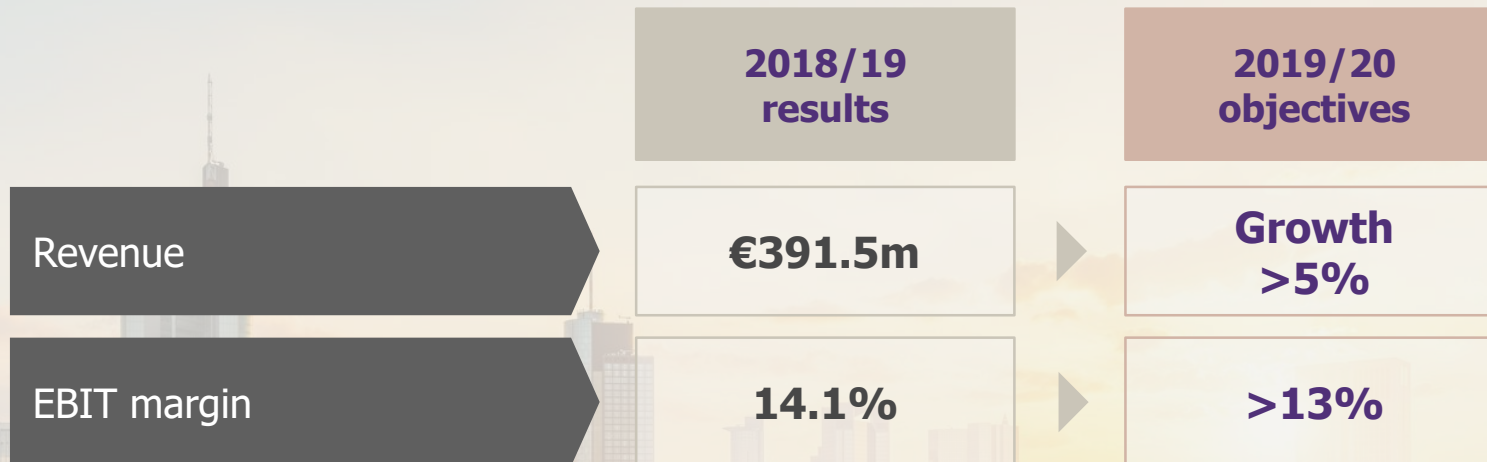
4 International

**€100m**  
of revenue  
outside France

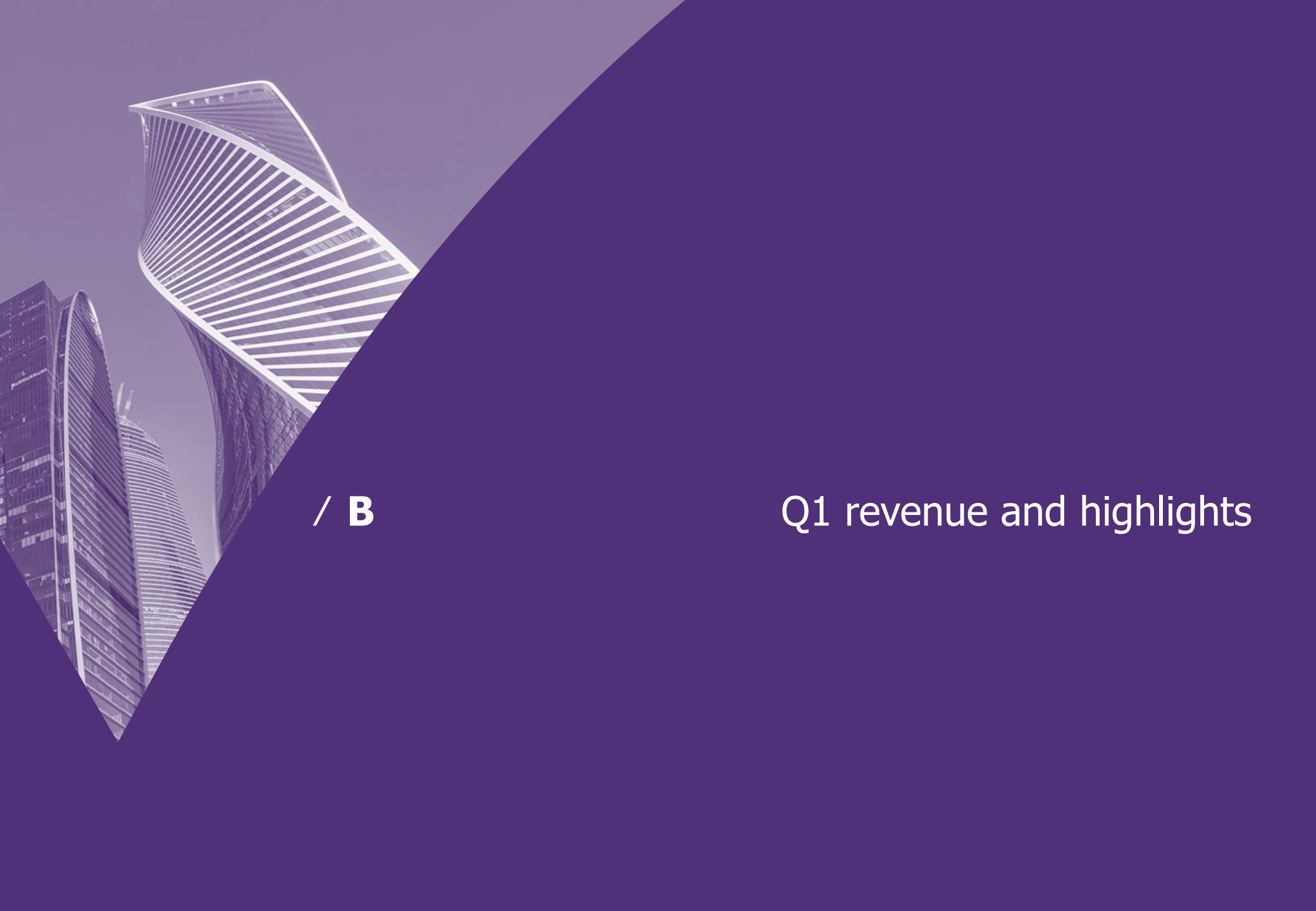
# 2019/20 objectives

## / Prudent objectives

- > performances lower over the last few months
- > a less buoyant market



*including Metis Consulting  
and excluding WGroup*



/ **B**

Q1 revenue and highlights

# Q1 revenue: +3%

Revenue <i>In €m - unaudited consolidated data</i>	2019/20	2018/19	Change	Change at constant scope <sup>1</sup> and exchange rates
<b>Q1</b>	<b>98.3</b>	<b>95.9</b>	<b>+3%</b>	<b>0%</b>

<sup>1</sup> Metis Consulting has been consolidated since 11/01/2018.

- / Impacted by a consultant utilization rate which remains under pressure...
- / ...and a high comparison base (from organic growth of +9% in Q1 2018/19)

# A consultant utilization rate still low, a positive trend for sales prices

	Q1 2019/20 (3 months)	FY 2018/19 (12 months)	
Consultant utilization rate	74%	75%	▶ A consultant utilization rate remaining steady in relation to the prior quarter
Average daily rate	€877	€872	▶ A 0.6% increase
Order book	3.7 months	3.6 months	▶ The order book remains steady



# Continuing recruitment efforts

## / The pace of recruitment remains high

- > targeting a gross addition of more than 600 new consultants in 2019/20

## / The staff turnover rate continues to decline

- > 17% on a twelve-month rolling basis (compared to 18% at March 31, 2019)

## / 3,129 employees at June 30, 2019

- > compared with 3,094 at March 31, 2019



# Acquisition of WGroup in July 2019



## **WGroup, a US-based IT management consultancy**

- > assisting large companies in succeeding their digital transformation
- > customers mainly in Healthcare and Insurance, Media & Entertainment, Global Manufacturing, Retail and Financial Services



## **Ambition**

- > initiating a new phase of development in the US
- > developing a portfolio of top-tier customers
- > gradually strengthen Wavestone's brand awareness



## **Terms of the acquisition**

- > acquisition of 100% of WGroup's share capital
- > Purchase price: an enterprise value of €22.0m
- > plus up to \$8.5m in contingent consideration linked to the company's performance in 2019 and 2020
- > consolidated from August 1, 2019

The logo for WGROUP, with 'W' in red and 'GROUP' in black, set against a background of a sunset over a canyon.

**WGROUP.**

**2018 revenue**  
**US\$26.1m (+16%)**

**Adjusted EBITDA margin**  
**~15%**

**~100 employees**  
of which +50 permanent  
employees

**Headquarters: Philadelphia**

# Confirmation of 2019/20 targets

- / Recruitment to continue at a robust pace, substantial commercial investments
- / Consultant utilization rate to remain under pressure in the months ahead
  - > mixed performances expected to weigh on H1 growth and profitability
- / Annual targets are nevertheless confirmed

Revenue

EBIT margin

**2018/19  
results**

**€391.5m**

**14.1%**

**2019/20  
objectives**

**Growth  
>5%**

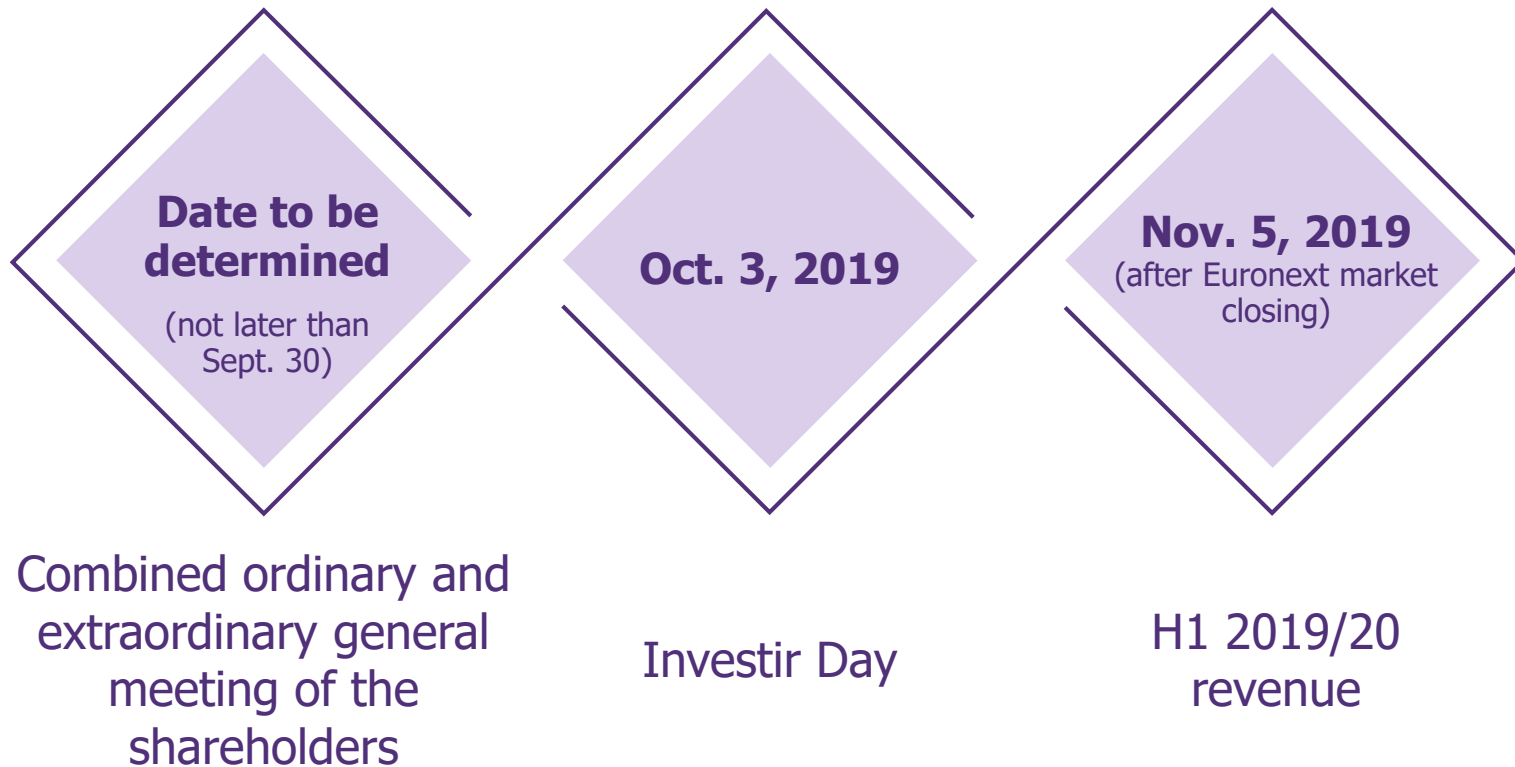
**>13%**

*including Metis Consulting  
and excluding WGroup*



/ C Q&A

# Financial agenda: next events



PARIS

LONDON

NEW YORK

HONG KONG

LUXEMBOURG

BRUSSELS

GENEVA

CASABLANCA

LYON

MARSEILLES

NANTES

WAVESTONE

