



WAVESTONE

Digital seminar

October 10, 2019

 Portzamparc  
GRUPE BNP PARIBAS

# AGENDA

**A** About Wavestone

**B** 2018/19 annual results

**C** Outlook and recent news



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

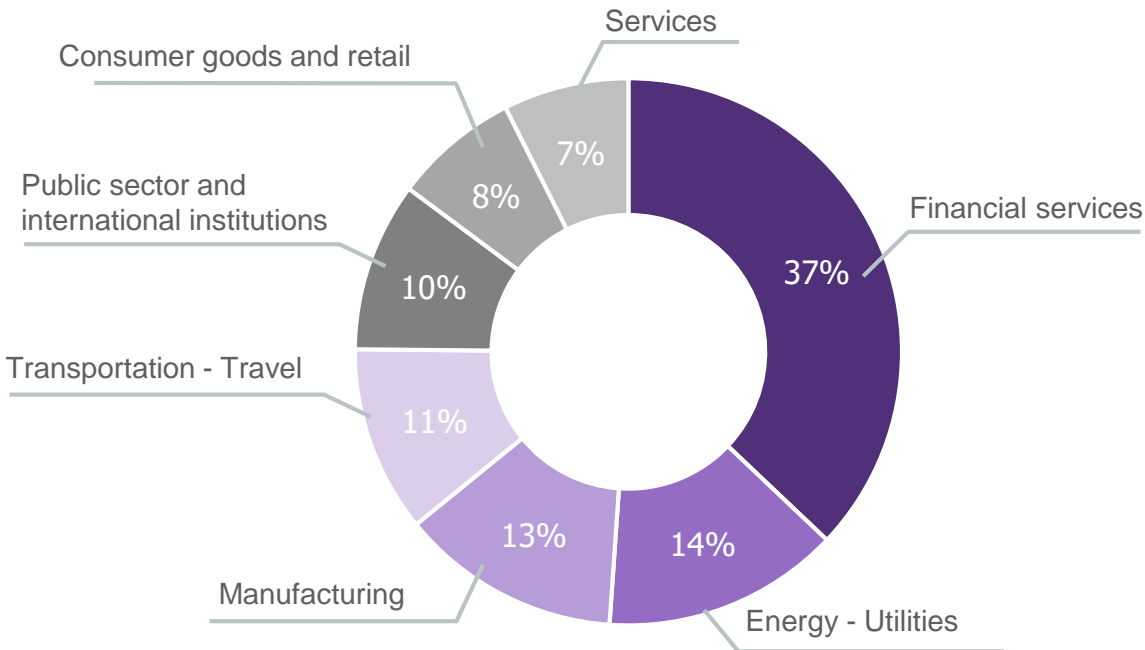
Paris | London | New York | Philadelphia | Hong Kong |  
Luxembourg | Geneva | Brussels | Casablanca | Lyon | Marseilles | Nantes



## 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%

## Breakdown of revenue by sector 2018/19



## 2018/19 revenue

France	88%
International	12%

# Wavestone at the leading edge of digital transformation and innovation projects

## Digital transformation projects...



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



**SNCF Réseau** - Rail infrastructure  
maintenance performance



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

## ...and projects focused on innovation



**Enedis** - Recharging of electric vehicles  
and the domestic environment



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



**European Commission** - Data strategy  
for European companies

# AGENDA

**A** About Wavestone

**B** 2018/19 annual results

**C** Outlook and recent news

# Consultant utilization rate under pressure, growth in sales prices

	FY 2018/19 (12 months)	FY 2017/18 (12 months)
Consultant utilization rate	75%	77%
Average daily rate	€872	€848
Order book	3.6 months	3.7 months

▶ A contracting consultant utilization rate reflecting insufficient level of order intake

▶ Growth of 2.8% in 2018/19, better than the firm's 1%-2% target range for the fiscal year

# 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**



## 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>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

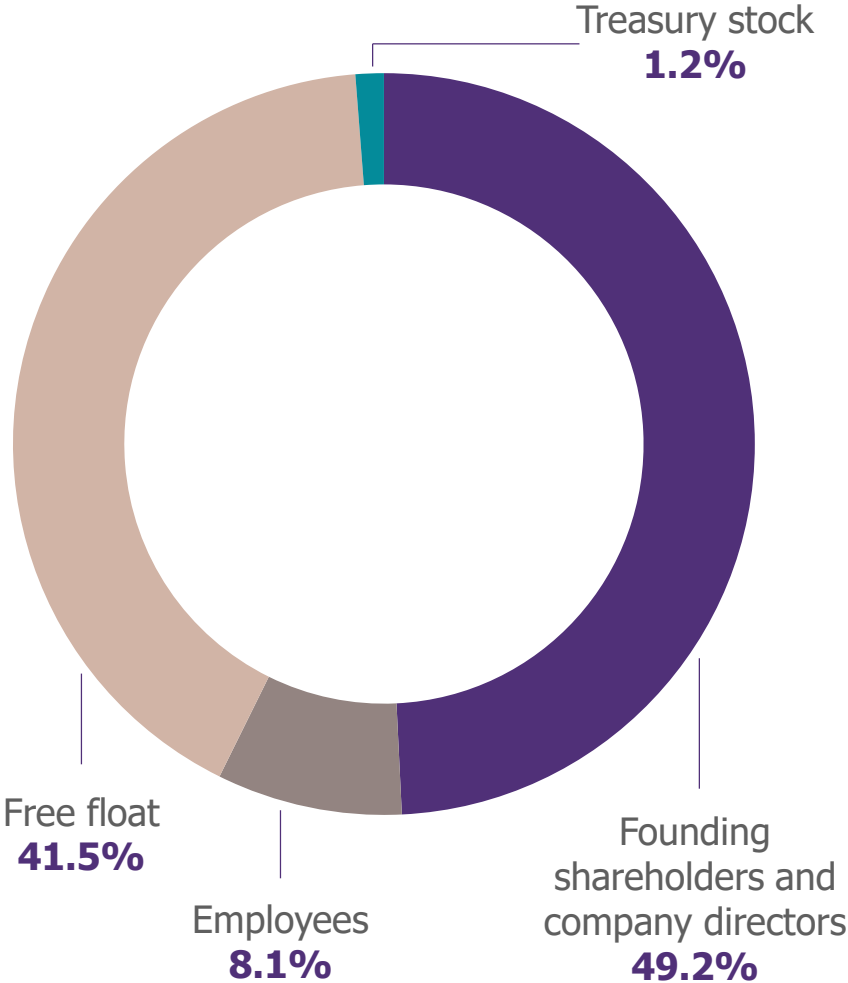
Consolidated audited data at 03/31 (in €m)	2018/19	2017/18
<b>Non-current assets</b>	177.4	157.1
of which goodwill	140.6	118.9
<b>Current assets</b>	156.1	152.2
of which trade receivables	130.4	123.9
<b>Cash and cash equivalents</b>	50.7	52.1
<b>TOTAL ASSETS</b>	<b>384.2</b>	<b>361.3</b>

Consolidated audited data at 03/31 (in €m)	2018/19	2017/18
<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*

# Breakdown of share capital at March 31, 2019



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

No potential dilution

Dividend paid in September 2019:  
**€0.23 per share (+14%)**

# AGENDA

- A** About Wavestone
- B** 2018/19 annual results
- C** Outlook and recent news

## 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 WGroup logo, 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**



# 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

# 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%**

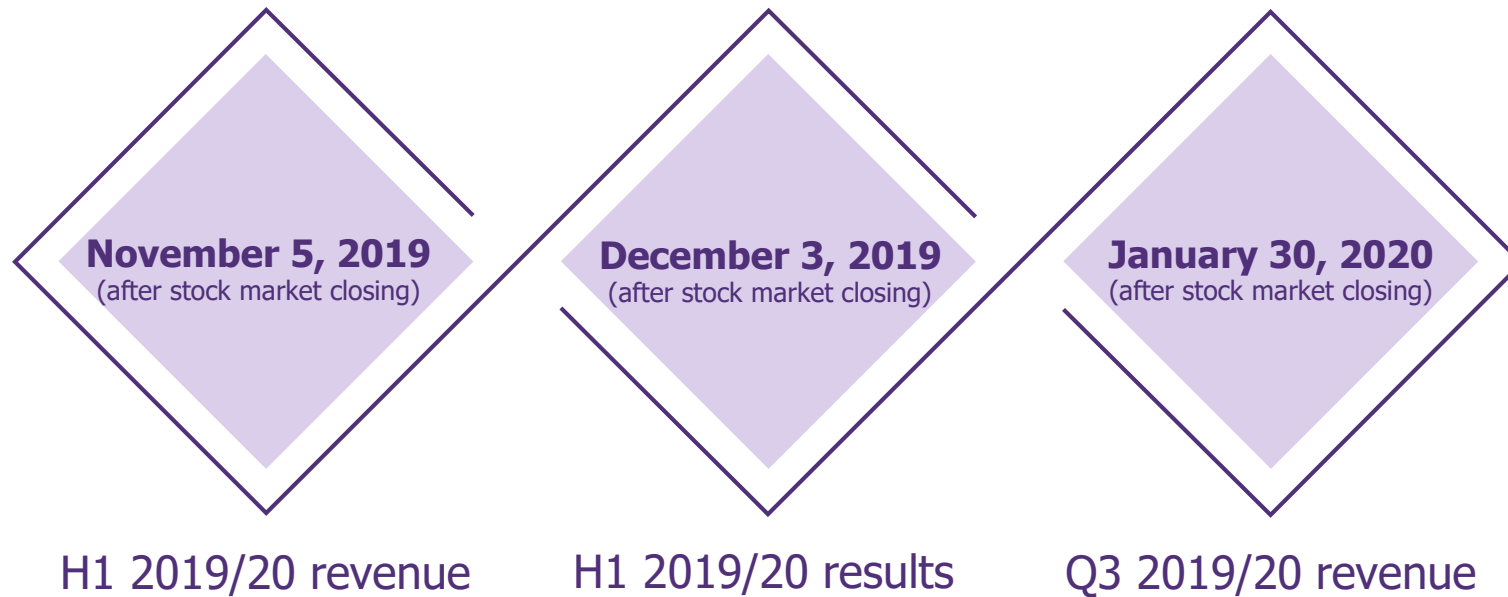
**2019/20  
objectives**

**Growth  
>5%**

**>13%**

*including Metis Consulting  
and excluding WGroup*

# Financial calendar: next events



PARIS

LONDON

NEW YORK

PHILADELPHIA

HONG KONG

LUXEMBOURG

BRUSSELS

GENEVA

CASABLANCA

LYON

MARSEILLE

NANTES

WAVESTONE

