

WELCOME

2019/20 Annual Results

Investors' videoconference | June 3, 2020



Presenters



Pascal Imbert

CEO



Patrick Hirigoyen

Director General



Tiphanie Bordier

CFO



Réunion | Microsoft Teams

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Apps Wavestone bookmarks Digiplace - Wavepl... Mots de passe d'ap... Yammer : IS News S... Microsoft Forms

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CLEMENT Benjamin ...

Afficher les participants

Type here to search

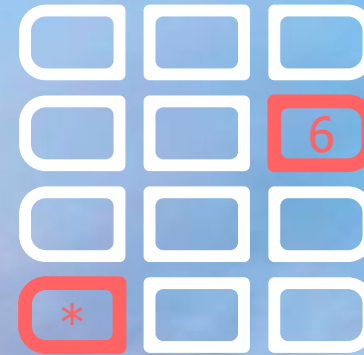
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FR 28/05/2020

QUESTION AND ANSWER SESSION



MICROSOFT TEAMS

Use the "Raise hand" button



Telephone:

Press "*" then "6"

Wavestone: independent pure player in consulting



Independent **pure player**

Clients who are **leaders** in their sectors



12 offices across 8 countries



+3,000 employees



2019/20 ANNUAL RESULTS

ACTIVITY AND HIGHLIGHTS OF THE 2019/20 FISCAL YEAR



+8% annual growth in 2019/20

Revenue	2019/20	2018/19	Change	Change at constant scope ¹ and on a constant forex basis
<i>In €m - consolidated audited data</i>				
12 months	422.0	391.5	+8%	+2%

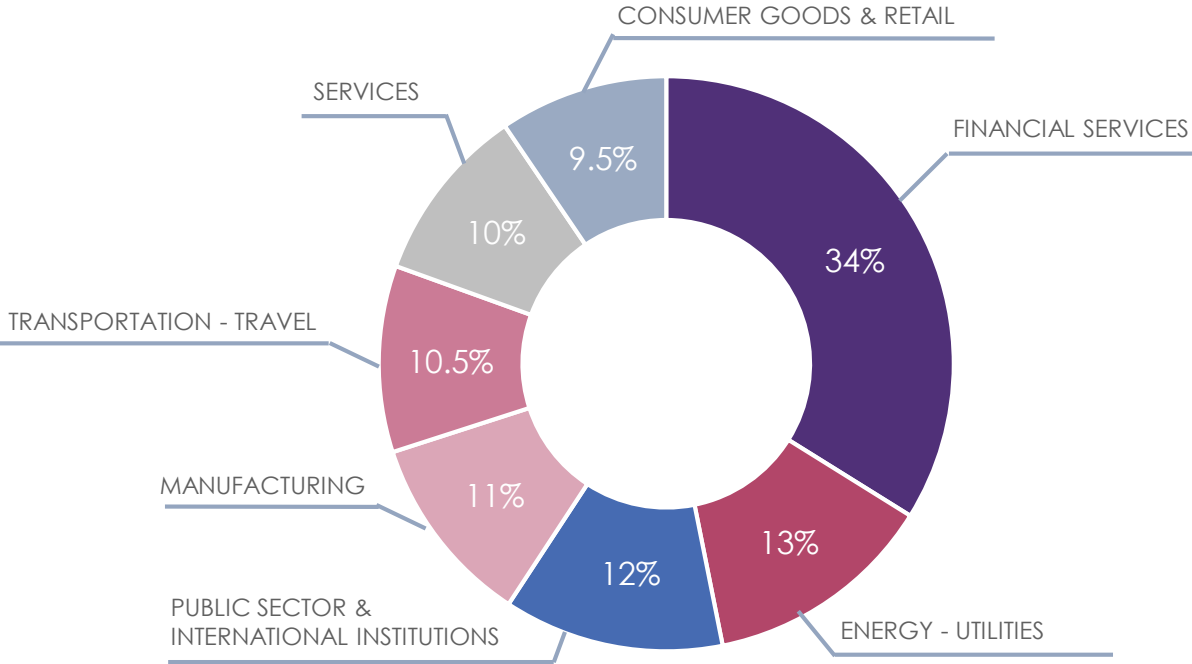
(1) Metis Consulting has been consolidated since 11/01/2018 and WGroup since 08/01/2019

- / Annual revenue of €422m in 2019/20, an increase of +8%
 - > benefiting from forex effects of +€1.5m, an impact of +0.4 percentage points
- / On a constant scope and forex basis, annual growth was +2%
- / Impact of Covid-19: about -€2m

A reduction in consultant utilization rate, but sales prices remain strong

	2019/20 fiscal year (12 months)	2018/19 fiscal year (12 months)	
Consultant utilization rate	71%	75%	▶ 71% over the whole fiscal year, while absorbing the effects of a dynamic recruitment plan Under pressure in Q4 (69%)
Average daily rate (ADR)	€878	€872	▶ Increase in ADR driven by WGroup About a -1% decline with WGroup excluded
Order book	3.5 months	3.6 months	▶ 3.3 months at the end of H1 2019/20

Distribution of revenue at March 31, 2020



2019/20 REVENUE	
FRANCE	85%
INTERNATIONAL	15%

TOP-20 CLIENTS 2019/20	
SNCF	9%
EDF	7%
SOCIETE GENERALE	7%
CREDIT AGRICOLE	4%
BNP PARIBAS	4%
LA POSTE	4%
TOTAL	3%
UGAP	3%
AXA	3%
BPCE	2%
ENGIE	2%
L'OREAL	2%
SANOFI	2%
PSA	1%
SAINT GOBAIN	1%
RENAULT	1%
MINISTRY OF THE ECONOMY	1%
BLUCORA	1%
MINISTRY OF THE ARMED FORCES	1%
BPI FRANCE	1%



A workforce of nearly 3,500 employees at the end of 2019/20

- / Continued proactivity in recruitment in 2019/20...
 - > about 900 gross hires achieved during the year
- / ...until the decision was made in mid-March to freeze all new recruitment
 - > but with no interruption to ongoing trial periods
- / A continuing reduction in staff turnover rate
 - > 14% in 2019/20 (vs. 18% in 2018/19)
- / 3,498 employees at March 31, 2020
 - > compared with 3,094 at March 31, 2019



Some notable projects



AXA

Transformation of Motor and Home assistance activities in Europe



Major pharmaceutical company

Digitalization of the drug-manufacturing value chain



European Commission

Evaluation of the NIS Directive (cybersecurity)



**The French Government
Financial Information Agency**

Testing of electronic invoicing between companies

WGroup: a highly successful first fiscal year



Acquisition, in July 2019, of WGroup – a consulting firm that operates in the US

- > IT and digital transformation of large companies
- > Healthcare and Insurance, Media & Entertainment, Global Manufacturing, Retail, and Financial Services



A very good first fiscal year

- > integration project on track
- > excellent level of activity and realization of the first commercial synergies



A new dimension in Wavestone's US activity in 2019/20

WGROUP. becomes WAVESTONE

The W in WGroup now stands for Wavestone, but our commitment to excellence and your success has not changed.



2019/20 ANNUAL RESULTS

FINANCIAL RESULTS

2019/20 FISCAL YEAR



EBIT margin in line with the 13.2% target

Consolidated audited data at 03/31 (in €m)	2019/20	2018/19	<i>Change</i>
Revenue	422.0	391.5	<i>+8%</i>
EBIT	55.7	55.2	<i>+1%</i>
<i>EBIT margin</i>	<i>13.2%</i>	<i>14.1%</i>	
Amortization of client relationships	(1.6)	(2.3)	
Other operating income and expenses	(0.6)	(0.5)	
Operating income	53.5	52.4	<i>+2%</i>
Cost of net financial debt	(2.2)	(1.7)	
Other financial income and expenses	(1.2)	(0.1)	
Income tax expenses	(19.0)	(19.9)	
Group share of net income	31.1	30.8	<i>+1%</i>
<i>Net margin</i>	<i>7.4%</i>	<i>7.9%</i>	

€55.3m cash flow from activities in 2019/20

Consolidated audited data at 03/31 (in €m)	2019/20	2018/19
Gross cash flow margin	49.4	43.1
Change in working capital requirements	5.9	(10.4)
Net cash flow from operations	55.3	32.6
Net cash flow from investments	(29.5)	(23.4)
of which fixed asset acquisitions	(3.1)	(1.4)
of which change in financial assets	0.1	(0.3)
of which changes in scope	(26.6)	(21.6)
Net cash flow from financing operations	(11.2)	(11.1)
of which dividends	(4.6)	(4.1)
of which share buybacks	(3.5)	(8.1)
of which loans received net of repayments	6.5	2.3
of which repayments of lease liabilities	(6.7)	-
Change in cash and cash equivalents	14.6	(1.8)

Available cash of more than €65m; net financial debt of less than €30m

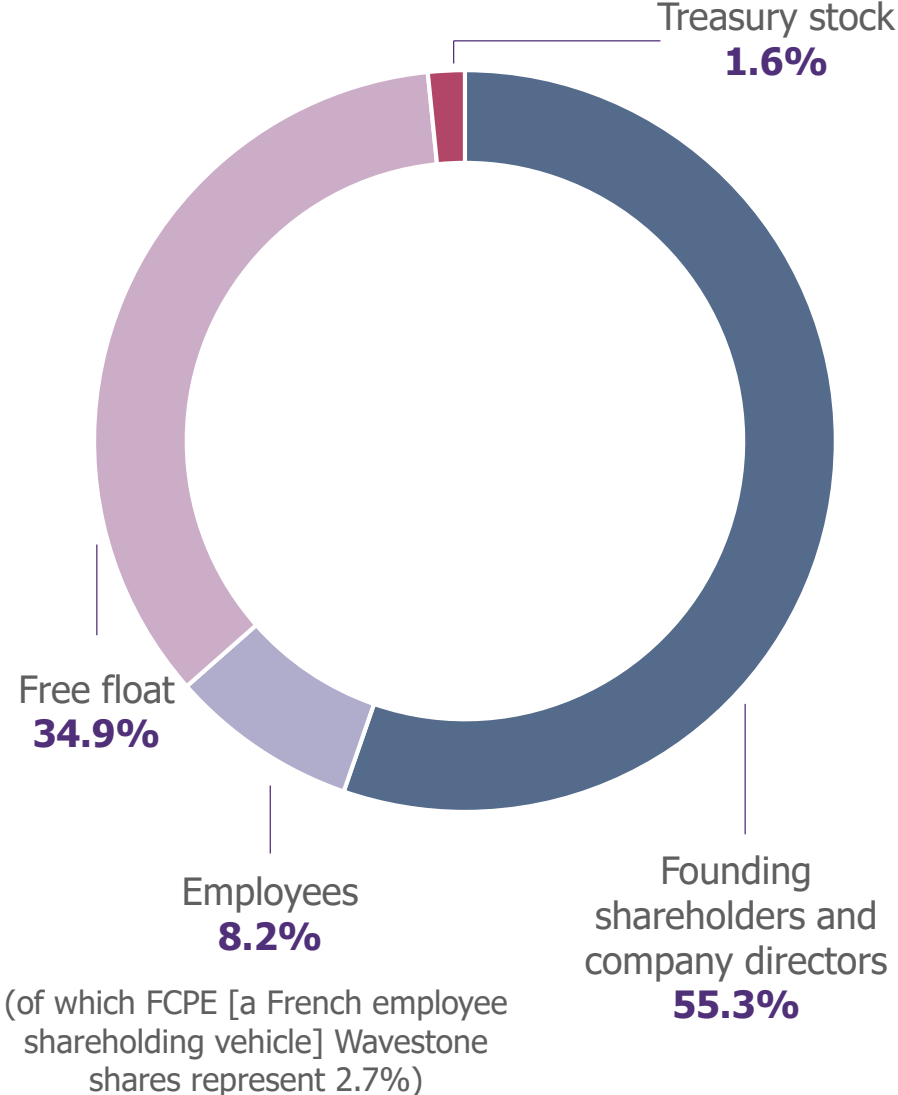
Consolidated audited data at 03/31 (in €m)	03/31 2020	03/31 2019
Non-current assets	232.8	177.4
of which goodwill	166.5	140.6
of which rights to use leased assets	30.6	-
Current assets	151.7	156.1
of which trade receivables	128.4	130.4
Cash and cash equivalents	65.1	50.7
TOTAL ASSETS	449.6	384.2

Consolidated audited data at 03/31 (in €m)	03/31 2020	03/31 2019
Shareholders' equity	177.1	150.8
of which minority interests	0.0	0.0
Financial liabilities	94.3	89.4
of which less than one year	38.2	23.7
Lease liabilities	37.7	-
Non-financial liabilities	140.5	144.0
TOTAL LIABILITIES	449.6	384.2

Net debt: €29.1m

compared with €38.7m at March 31, 2019

Breakdown of share capital at March 31, 2020



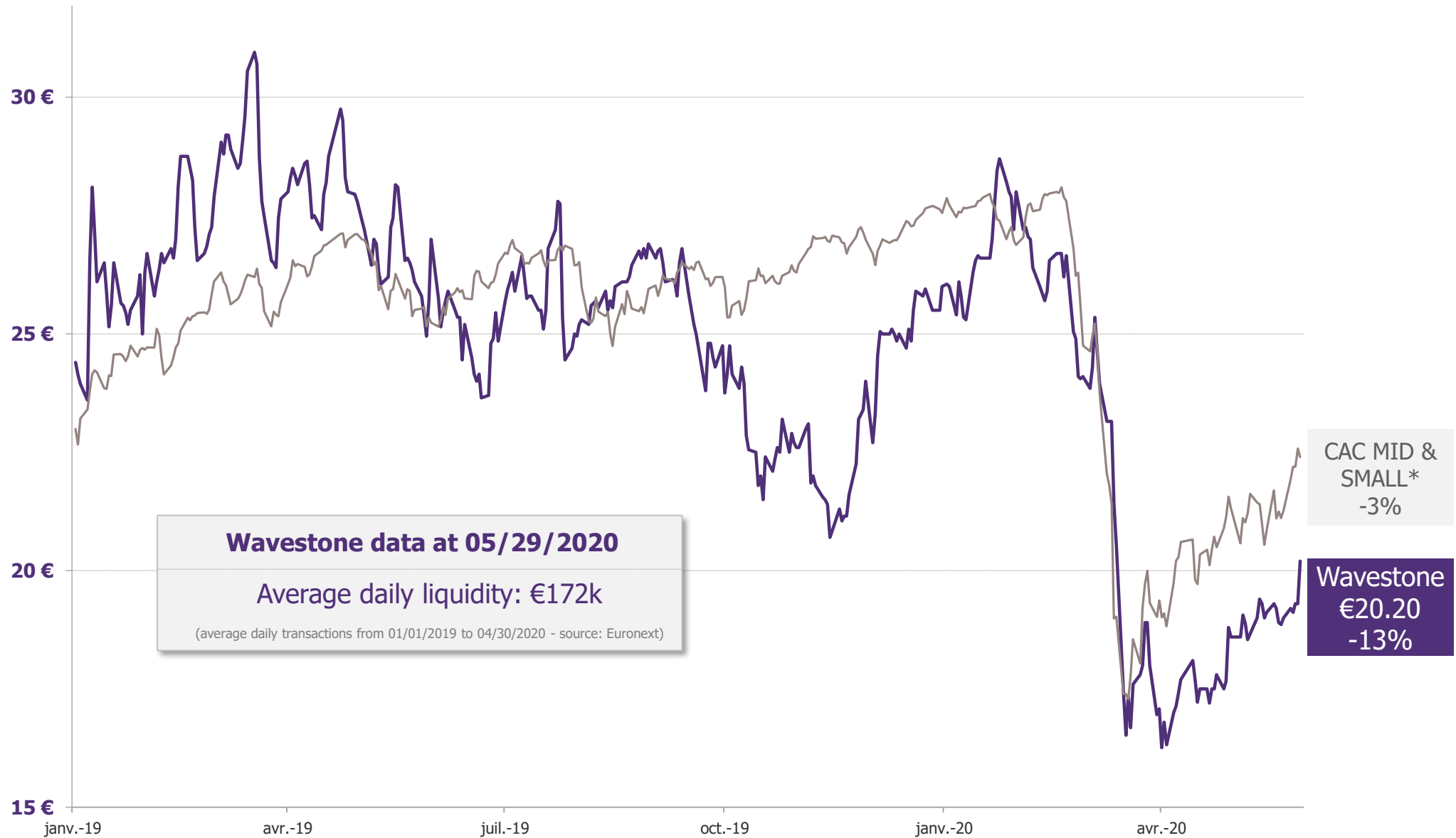
Number of shares: **20,196,492**

No potential dilution

No dividend to be proposed at the general meeting of July 28, 2020

Creation in April 2020 of the Wavestone Individual Shareholders Advisory Committee (6 members)

After the impact of Covid-19, a slight rebound, in line with comparables





2019/20 ANNUAL RESULTS

COVID-19: A SHOCK WITH UNPRECEDENTED ECONOMIC CONSEQUENCES



A public-health crisis with unprecedented economic consequences

/ March-April

Companies give priority to their immediate response to the health crisis

- › business continuity plans, adaptation to lockdown measures (teleworking), protection of employees

/ May onwards

Companies starting to focus on revitalizing and restoring their financial position

- › proliferation of cost-saving plans
- › investment trade-offs

/ A major shock to economic growth around the world

- › France: -11% in 2020¹
- › Eurozone: -8% to -12% in 2020²
- › US: -5.9% in 2020³

¹ Source: French government | ² Source: BCE | ³ Source: FMI



A severely degraded market for consulting in the coming months

WAIT-AND-SEE APPROACH DUE TO AN UNCERTAIN ECONOMIC CONTEXT

COST-SAVING MEASURES AND INVESTMENT TRADE-OFFS

The market for consulting is likely to be severely affected: -18% globally¹ in 2020; -20% in Europe¹

Reduction in demand in the coming months

Price pressure returns

Stiffer competition



¹ Source: Source Global Research

Sectoral barometer for consulting

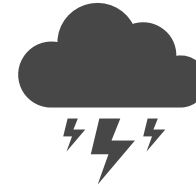


PHARMACEUTICALS

PUBLIC SECTOR

UTILITIES

FINANCIAL SERVICES



AERONAUTICAL SECTOR

TRANSPORT - TOURISM

RETAIL

ENERGY



2019/20 ANNUAL RESULTS

WAVESTONE: THE SITUATION IN EARLY JUNE AND THE OUTLOOK



Slowdown in business activity of -15% to -20% since mid-March

DIRECT IMPACTS



- / Noticeable slowdown since mid-March due to the epidemic and lockdown measures
- / Business activity reduced by about -15% to -20% in April and May, compared with the pre-lockdown situation
- / Severely disrupted order intake since mid-March

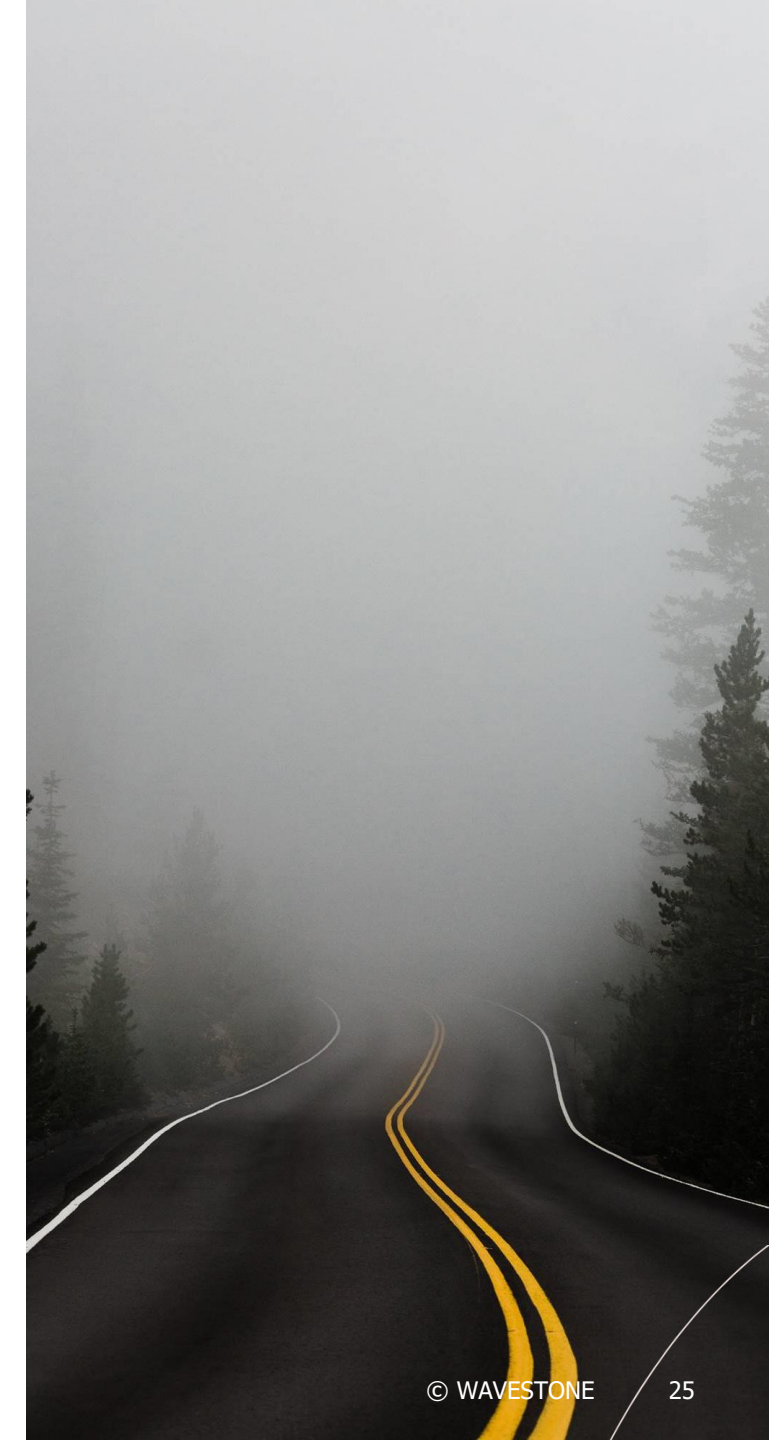
IMMEDIATE MEASURES



- / Recruitment freeze
- / Use of vacation-leave measures
- / Implementation of short-time working arrangements
 - > ~12% of the firm's fee-earning staff

Outlook

- / After the initial shock, a fall-off in business activity has now set in
- / June expected to be broadly in line with April and May...
 - > toward a utilization rate of about 60% over Q1
 - > a slightly improved order intake
- / ...but Q2 could see a further deterioration in activity
 - > as a consequence of low order intake since the beginning of the crisis
 - > risk of seeing new trade-offs linked to drastic cost-savings plans being put in place by some clients
 - > moderate effects on prices for the time being, but pressure is increasing



Wavestone's battle plan for 2020 (1/2)

/ Strong revitalization of business development activity

- › strengthening of business development teams
- › mobilization of additional pre-sales consultants
- › accelerated prospecting

/ Efforts directed toward the most resilient business sectors

PHARMACEUTICALS

FINANCIAL SERVICES

UTILITIES

PUBLIC SECTOR

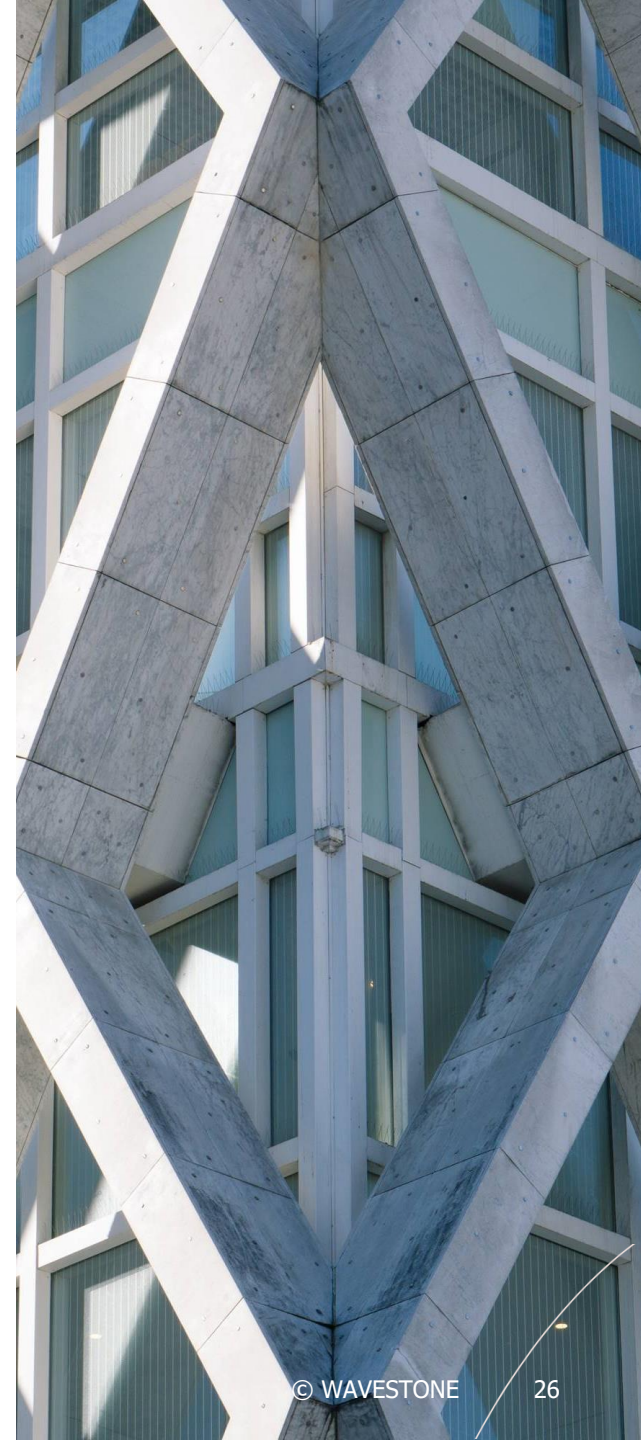
/ A focus on service offerings that address the challenges of the period

CYBERSECURITY

IT OPTIMIZATION

OPERATIONAL EFFICIENCY

/ Customer-by-customer, go-to-market agility – to tap into demand where it arises

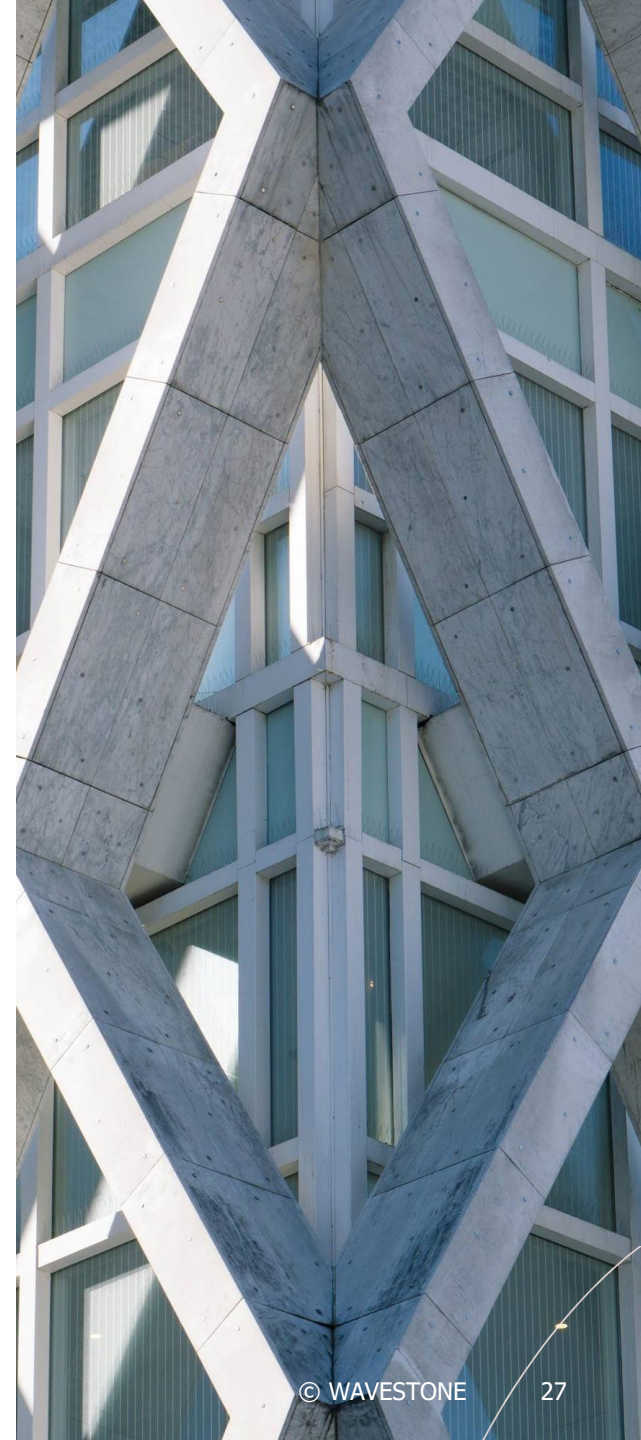


Wavestone's battle plan for 2020 (2/2)

- / Continuation of the recruitment freeze
- / Implementation of a performance plan to generate savings of about €15m
 - > excluding the effects of short-time working arrangements and without any workforce-adjustment measure
- / Alignment of all teams toward a single objective: the firm's profitability
- / Suspension of Wavestone 2021 in order to focus on the short term
 - > and suspension of external growth projects

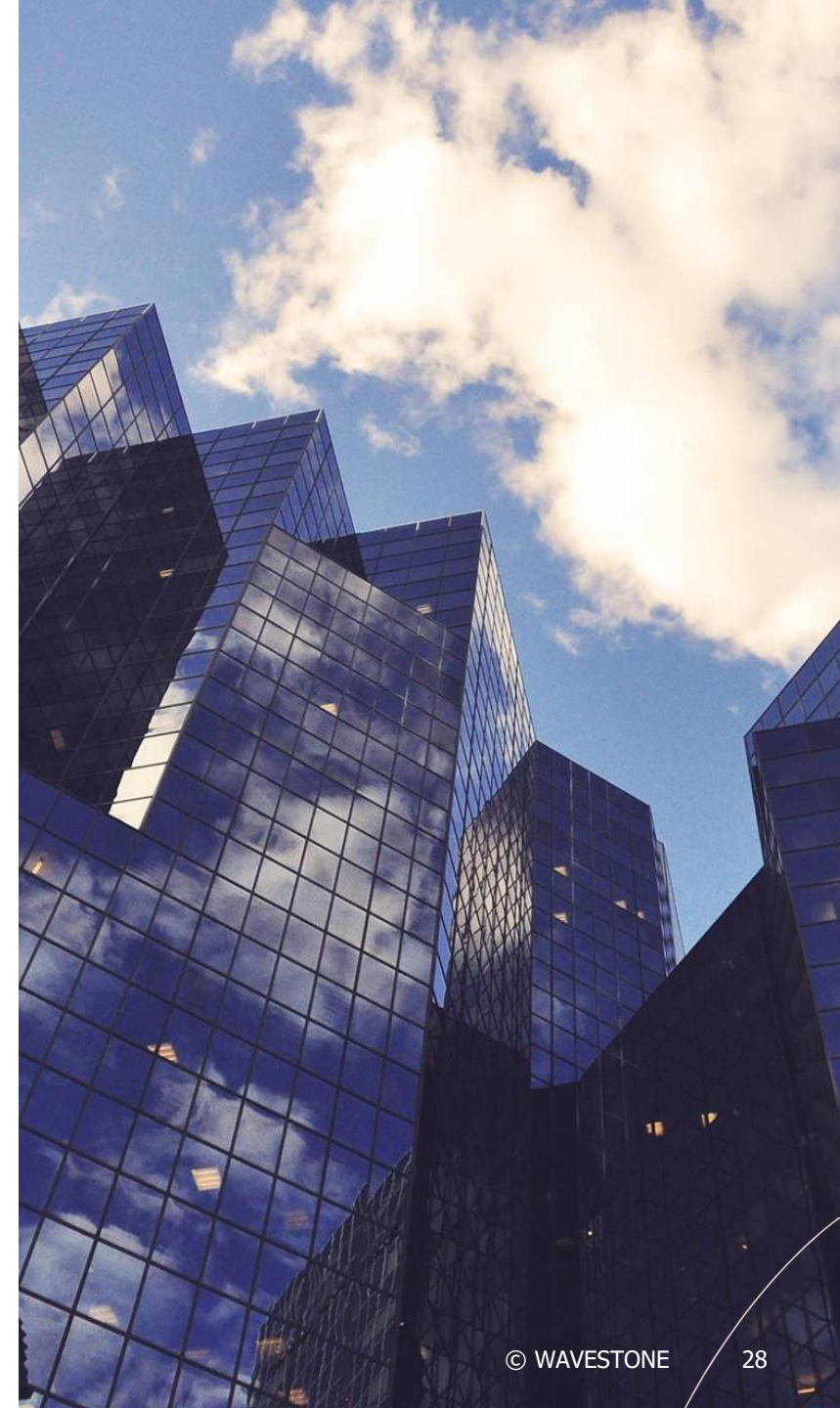
→ DECISION NOT TO SET FINANCIAL TARGETS FOR 2020/21

GIVEN THE HIGHLY UNCERTAIN CONTEXT



Our strengths to face the crisis

- / An organization focused on business development
 - > atypical business organization in the world of consulting
 - > sector-agility demonstrated on previous occasions
 - > portfolio of offerings rich in “crisis products”
- / An efficient business model
 - > fluid cooperation and structuring of teams
 - > culture of rapid adjustment and speed of adaptation
- / A sound financial situation
 - > a solid gross cash and cash equivalents and net debt limited
 - > a position further strengthened at the end of May
- / The commitment and team spirit of the company’s employees



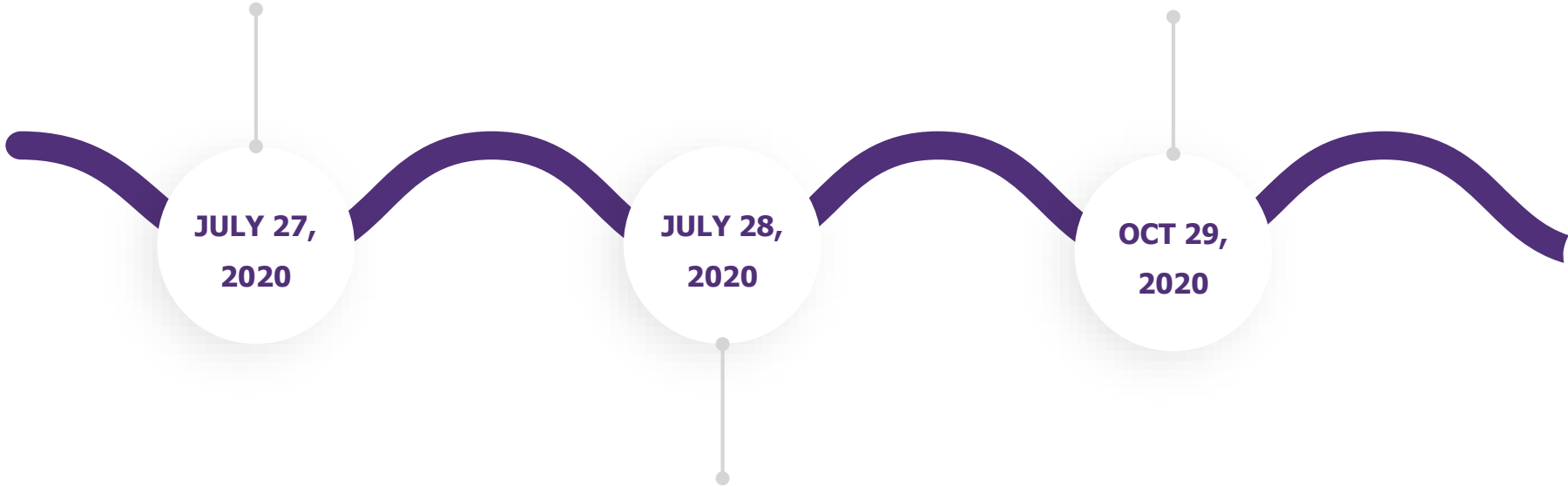
Financial agenda

1

Q1 revenue for the 2020/21 fiscal year
(after stock market closing)

3

H1 revenue for 2020/21 fiscal year
(after stock market closing)



2

Combined annual general meeting
of shareholders

A wide-angle photograph of a city skyline at sunset. The sky is filled with soft, colorful clouds in shades of orange, pink, and purple. The city buildings are illuminated with warm lights, and their reflections are visible on the water in the foreground. The water is a deep blue with gentle ripples.

2019/20 ANNUAL RESULTS

QUESTION & ANSWER SESSION



2019/20 ANNUAL RESULTS

QUESTION AND ANSWER SESSION



MICROSOFT TEAMS

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HAVE A GOOD DAY

Connect with us again on

July 27, 2020

(after stock market closing) for the publication of Q1 2020/21 revenue

