

INVESTOR MEETING

Portzamparc conference

July 2, 2020



PORTZAMPARC
BNP PARIBAS GROUP

DU 29 JUIN AU 3 JUILLET 2020

CONFÉRENCE PORTZAMPARC 2020

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AGENDA

/ **1** About Wavestone

/ **2** 2019/20 annual results

/ **3** Outlook

Wavestone: independent pure player in consulting



Independent **pure player**

Clients who are **leaders** in their sectors

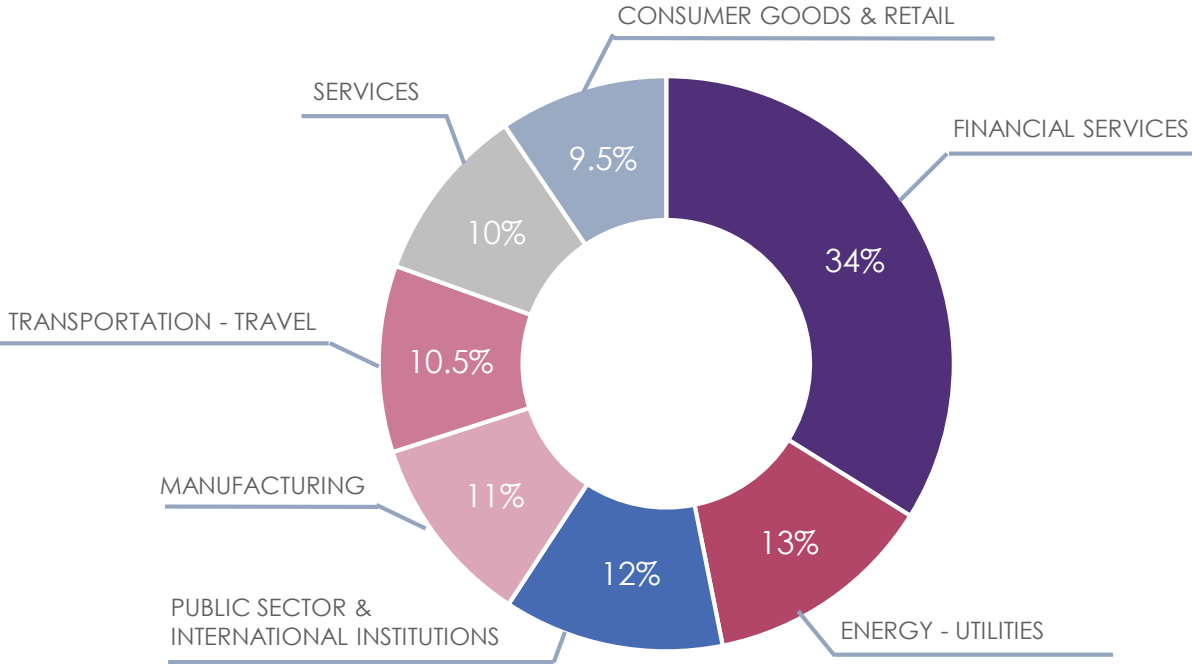


12 offices across 8 countries



+3,000 employees

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% |



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

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+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 |

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



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.

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> | |

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

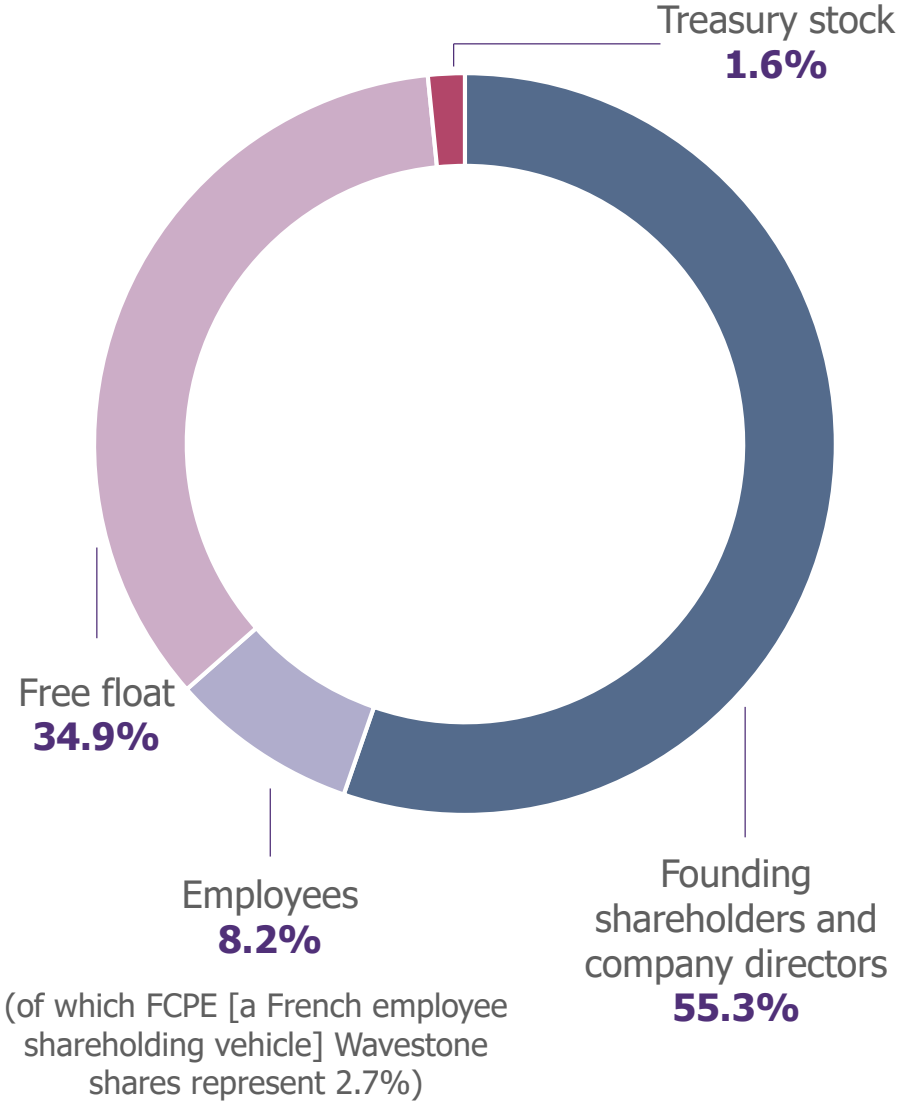
| Consolidated audited data at 03/31 (in €m) | 03/31 2020 | 03/31 2019 |
|---|---------------|---------------|
| Non-current assets | 232.8 | 177.4 |
| of which goodwill | 166.5 | 140.6 |
| of which rights to use leased assets | 30.6 | - |
| Current assets | 151.7 | 156.1 |
| of which trade receivables | 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)

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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

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

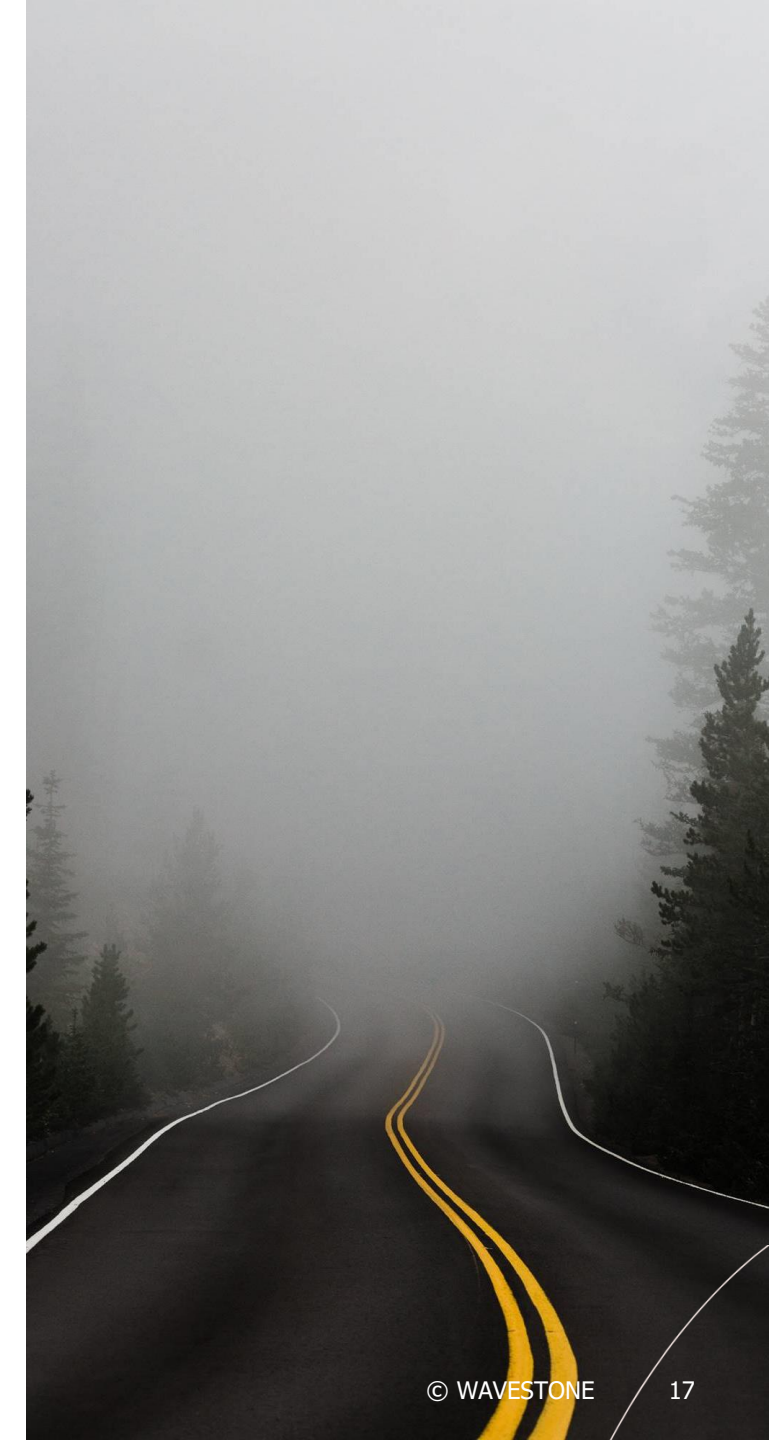
IMMEDIATE MEASURES



- / 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

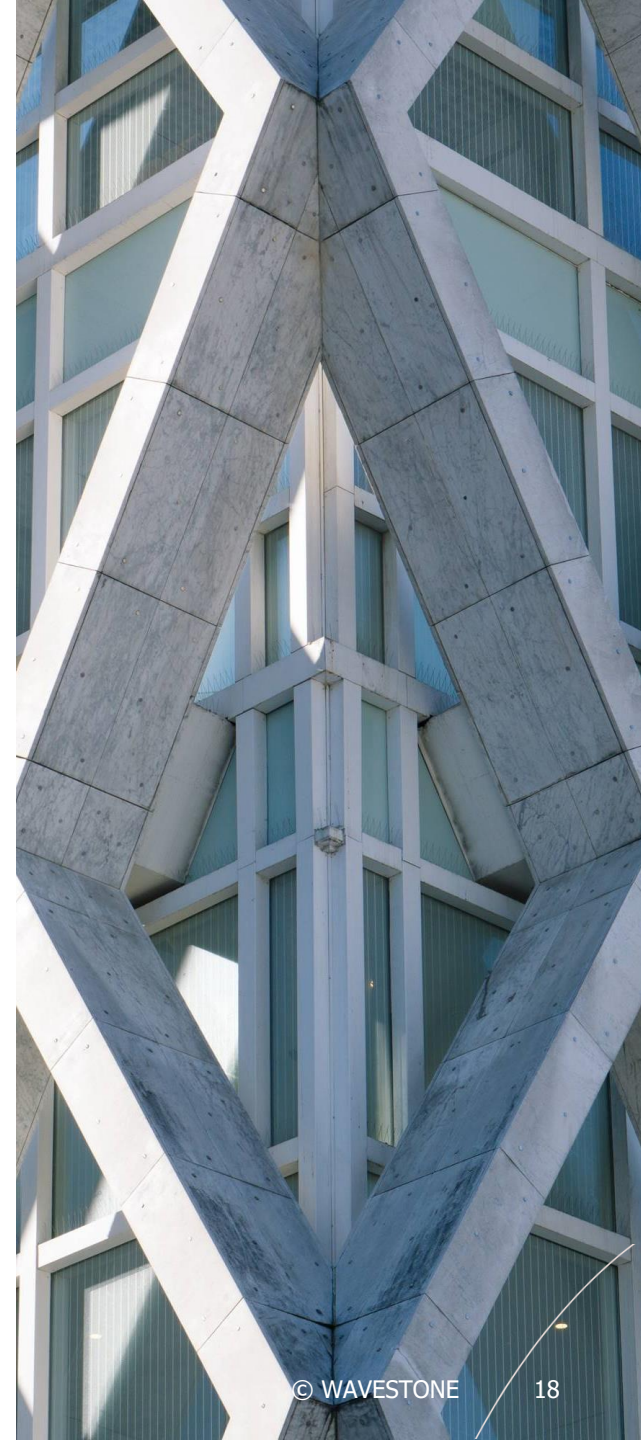
/ A focus on service offerings that address the challenges of the period

CYBERSECURITY

IT OPTIMIZATION

OPERATIONAL EFFICIENCY

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

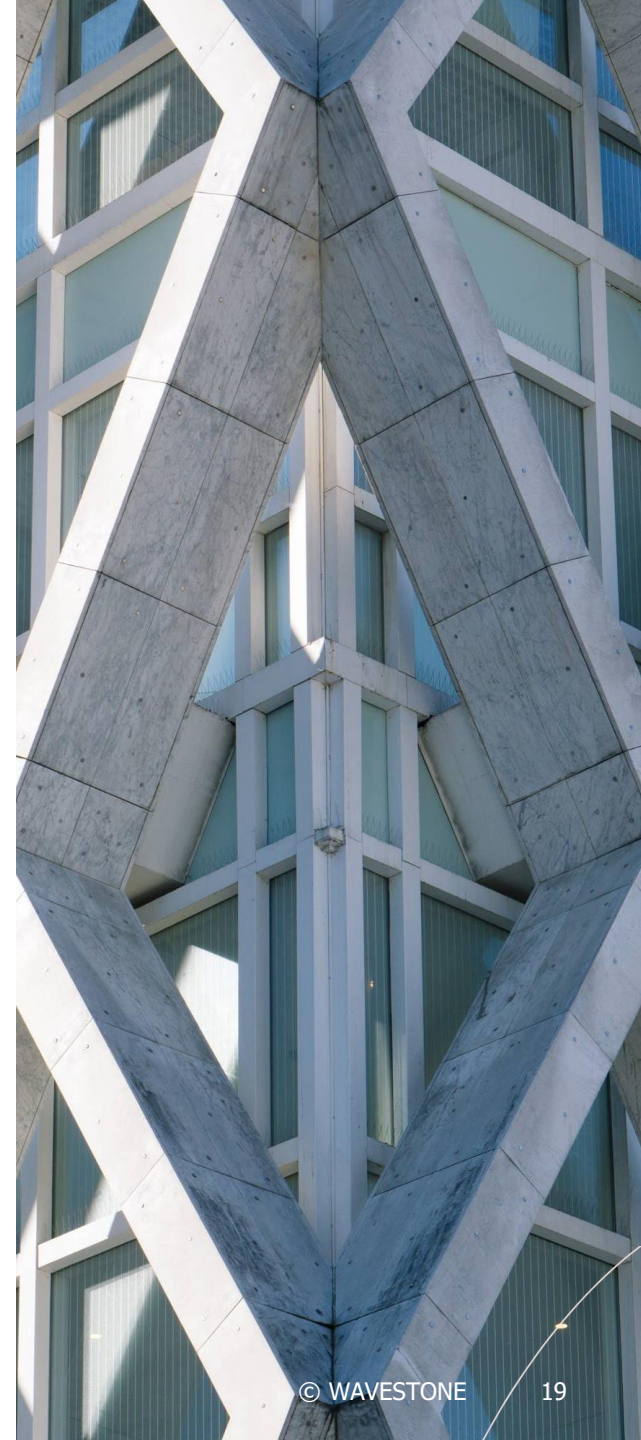


Wavestone's battle plan for 2020 (2/2)

- / 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

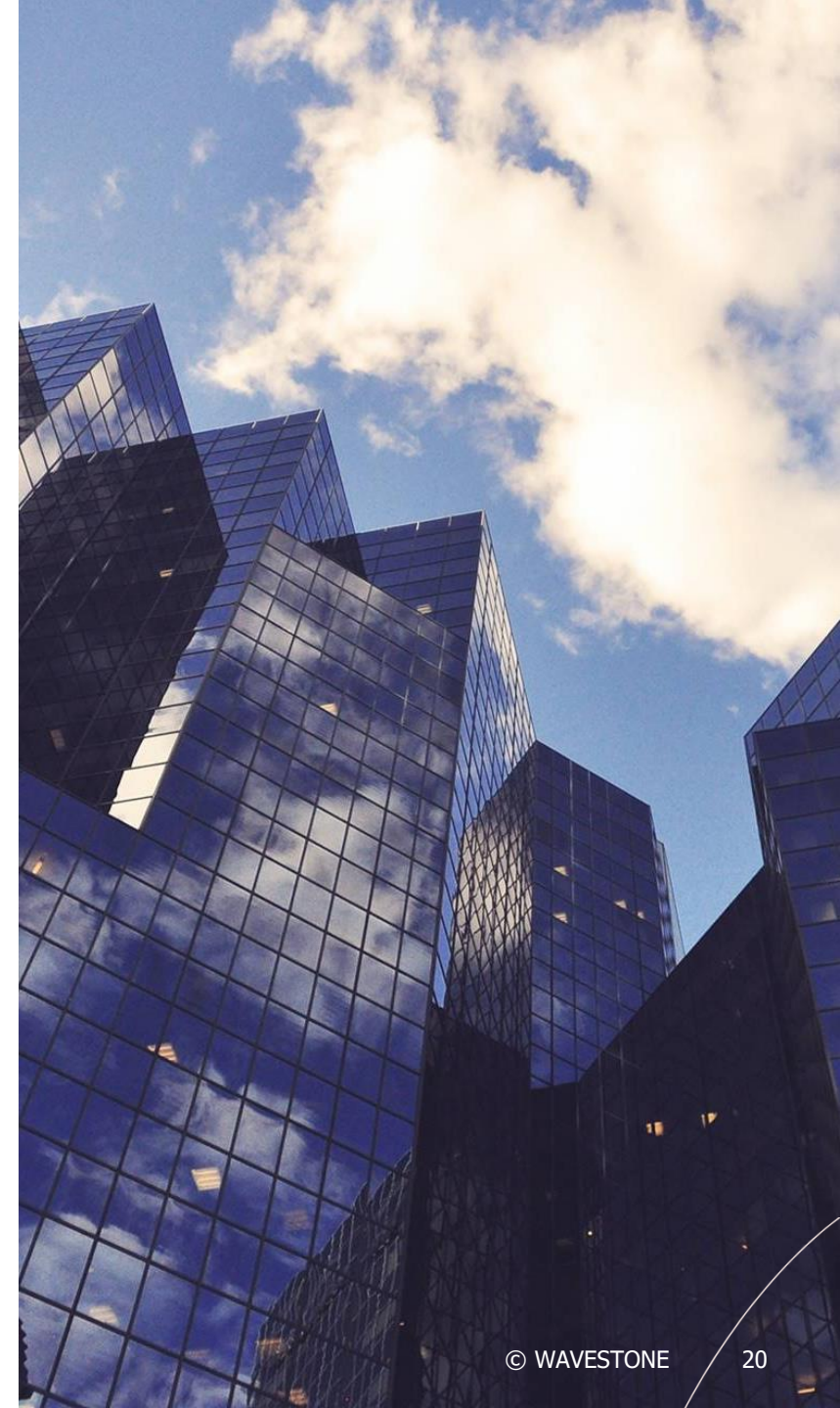
➔ DECISION NOT TO SET FINANCIAL TARGETS FOR 2020/21

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
 - > strong culture of performance management
- / 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



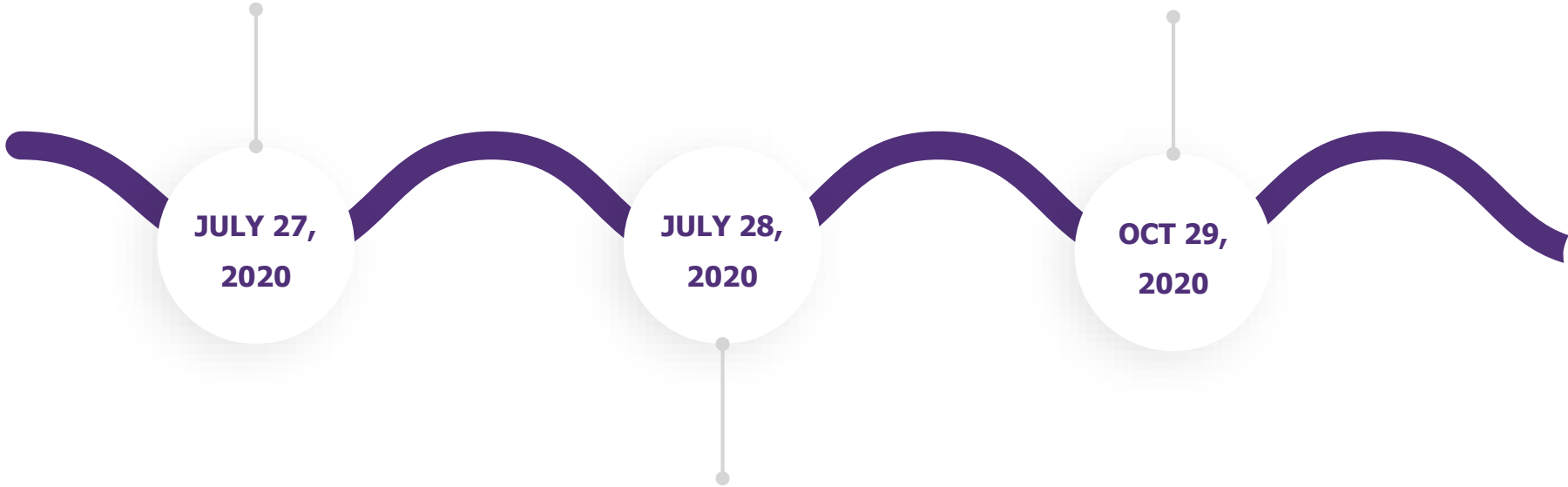
Financial agenda

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

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