

# INVESTOR MEETING

## Portzamparc Digital Seminar

December 3, 2020



**PORTZAMPARC**  
BNP PARIBAS GROUP

03 DÉCEMBRE 2020  
**SÉMINAIRE INNOVATIONS TECHNOLOGIQUES  
& DIGITAL**

#INNOVATION #TECHNOLOGIE #DIGITAL

# AGENDA

/ **01**      About Wavestone

/ **02**      H1 2020/21 results

/ **03**      Outlook

# Wavestone: independent pure player in consulting



Independent **pure player**

**Clients** who are **leaders** in their sectors

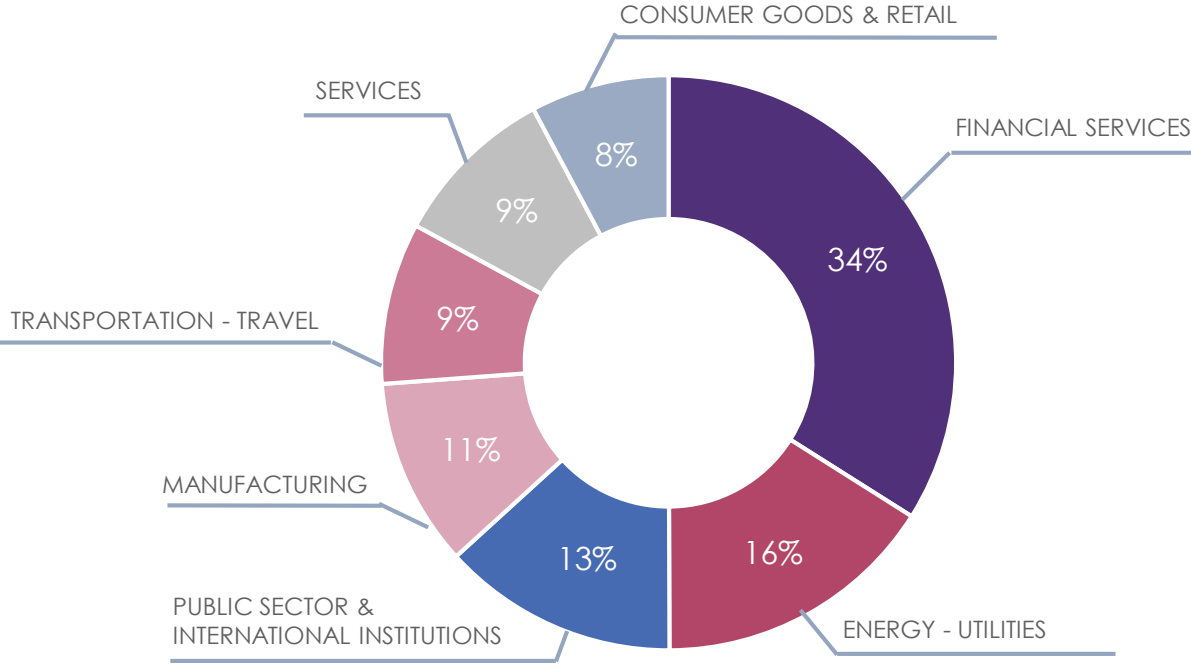


**12 offices** across 8 countries



**+3,000** employees

# Distribution of revenue at September 30, 2020



H1 2020/21 revenue	
FRANCE	84%
INTERNATIONAL	16%

TOP-20 CLIENTS in H1 2020/21	
EDF	8%
SNCF	8%
SOCIETE GENERALE	5%
AXA	5%
TOTAL	4%
CREDIT AGRICOLE	4%
LA POSTE	4%
BNP PARIBAS	3%
ENGIE	3%
UGAP	3%
SANOFI	3%
MINISTRY OF THE ECONOMY	2%
BPCE	2%
L'OREAL	2%
ALLIANZ	2%
MINISTRY OF THE ARMED FORCES	1%
BLUCORA	1%
PSA	1%
BPI FRANCE	1%
GROUPAMA	1%



# Wavestone's corporate social responsibility approach



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## Our key objectives

- / Reach 30% representation of women on the Executive Committee
- / Have the same proportion of women in positions of responsibility (operational or hierarchical management) as in the workforce
- / Triple the number of employees with disabilities (objective 33)
- / Have trained 100% of employees<sup>1</sup> in business ethics
- / Draw up a responsible consulting charter and train all employees<sup>1</sup> in how to follow it
- / Devote 1% of the firm's time to social structures

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<sup>1</sup> Employees who have been with the Company for at least 1 year

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## Limited downturn in revenue in H1 2020/21: -4%

Revenue Consolidated data (in €m) Estimated data for 2020/21	2020/21	2019/20	Change	Change at constant scope <sup>1</sup> and on a constant forex basis
Q1	94.4	98.3	-4%	-10%
Q2	92.4	96.2	-4%	-4%
H1	186.8	194.5	-4%	-7%

<sup>(1)</sup> WGroup has been consolidated since 08/01/2019.

- / Revenue €186.8m in H1 2020/21: -4% growth; equivalent to -7% at constant scope & exchange rates
  - > use of furlough measures for 6% of the fee-earning workforce during the first half of the year
- / At constant scope and exchange rates, a less pronounced decline in revenue in Q2 than in Q1

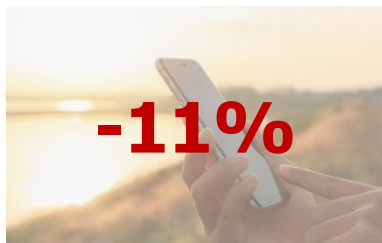
# Pressure on prices; recovery in the consultant utilization rate in Q2

	H1 2020/21 (6 months)	2019/20 fiscal year (12 months)	
Consultant utilization rate	65% <sup>1</sup>	71% <sup>1</sup>	▶ recovery in consultant utilization rate to 68% in Q2, vs. 63% in Q1
Average daily rate	€850	€878	▶ pressure on prices; average daily rate fell by -3% in H1 2020/21 prices still expected to decline between -3% and -5% over the entire fiscal year
Order book	3.7 months	3.5 months	▶ order intake in Q2 stronger than anticipated

<sup>(1)</sup> figures are directly comparable – the use of furlough measures does not affect the calculation of consultant utilization rate.



# Trends in H1 2020/21, compared with the 2019/20 fiscal year



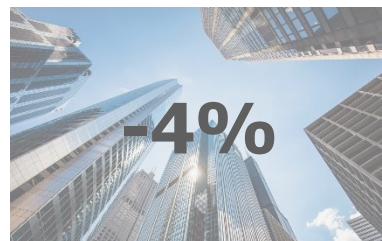
SERVICES



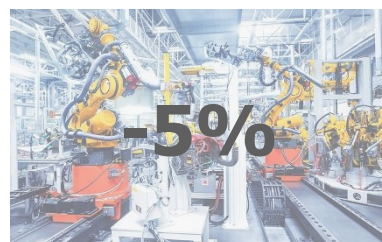
TRANSPORTATION - TRAVEL



CONSUMER GOODS & RETAIL



FINANCIAL SERVICES



MANUFACTURING



ENERGY - UTILITIES



PUBLIC SECTOR &  
INTERNATIONAL INSTITUTIONS

## TOP-20 CLIENTS in H1 2020/21

EDF

**SNCF**

**SOCIETE GENERALE**

AXA

TOTAL

CREDIT AGRICOLE

LA POSTE

**BNP PARIBAS**

ENGIE

UGAP

SANOFI

MINISTRY OF THE ECONOMY

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L'OREAL

ALLIANZ

MINISTRY OF THE ARMED FORCES

BLUCORA

**PSA**

BPI FRANCE

GROUPAMA

= account showing significant growth

= account showing significant contraction

## A -5% contraction in headcount at September 30, 2020

/ 3,324 employees at September 30, 2020

> vs. 3,498 at March 31, 2020

/ Gradual resumption of recruitment since September

> within the most resilient practices, especially those that are technology-led

/ Staff turnover rate of 13% at the end of September (on a rolling 12-month basis)

> vs. 14% at March 31, 2020



# EBIT margin of 7.7% in H1 2020/21

(1/2)

Consolidated data (in €m) Estimated data for H1 2020/21	H1 2020/21 (6 months)	H1 2019/20 (6 months)	<i>Change</i>	2019/20 (12 months)
<b>Revenue</b>	<b>186.8</b>	<b>194.5</b>	<b>-4%</b>	<b>422.0</b>
Purchases consumed	(6.5)	(5.5)		(13.0)
Personnel costs	(147.1)	(136.9)		(289.9)
External expenses	(11.5)	(24.4)		(46.7)
Levies and taxes	(2.9)	(2.0)		(6.3)
Net allocation for depreciation and provisions	(4.5)	(5.2)		(10.3)
Other operating income and expenses	(0.0)	(0.3)		(0.1)
<b>EBIT</b>	<b>14.3</b>	<b>20.7</b>	<b>-31%</b>	<b>55.7</b>
<i>EBIT margin</i>	<i>7.7%</i>	<i>10.6%</i>		<i>13.2%</i>

- / Personnel costs: +€10m
  - + €11m related to workforce growth
  - + €4m related to WGroup scope effects
  - €5m related to use of furlough measures
  
- / External expenses: -€13m
  - €11m related to the savings plan
  - €2m related to the reduction of rechargeable expenses, with no impact on the result

# EBIT margin of 7.7% in H1 2020/21

(2/2)

Consolidated data (in €m) Estimated data for H1 2020/21	H1 2020/21 (6 months)	H1 2019/20 (6 months)	Change	2019/20 (12 months)
<b>EBIT</b>	<b>14.3</b>	<b>20.7</b>	<b>-31%</b>	<b>55.7</b>
<i>EBIT margin</i>	<i>7.7%</i>	<i>10.6%</i>		<i>13.2%</i>
Amortization of client relationships	(0.7)	(0.8)		(1.6)
Other operating income and expenses	(0.1)	(1.3)		(0.6)
<b>Operating income</b>	<b>13.5</b>	<b>18.6</b>	<b>-27%</b>	<b>53.5</b>
Cost of net financial debt	(0.6)	(0.9)		(2.2)
Other income and expenses	(0.6)	(0.0)		(1.2)
Income tax expenses	(5.3)	(8.5)		(19.0)
<b>Group share of net income</b>	<b>7.0</b>	<b>9.3</b>	<b>-25%</b>	<b>31.1</b>
<i>Net margin</i>	<i>3.7%</i>	<i>4.8%</i>		<i>7.4%</i>

- / Income tax expenses: €5.3m  
of which + €2,5m in CVAE (a French  
business tax based on corporate  
added value)  
of which - €0.6m in tax credits

## Good level of cash flow maintained

Consolidated data (in €m) Estimated data for H1 2020/21	H1 2020/21 (6 months)	H1 2019/20 (6 months)	2019/20* (12 months)
<b>Self-financing capacity before net financial debt and tax costs</b>	<b>20.1</b>	<b>26.7</b>	<b>68.3</b>
Income tax paid	(10.5)	(10.2)	(19.2)
Change in working capital requirements	9.2	(3.8)	6.2
<b>Net cash flow from operations</b>	<b>18.8</b>	<b>12.7</b>	<b>55.3</b>
<b>Net cash flow from investments</b>	<b>(0.5)</b>	<b>(24.6)</b>	<b>(29.5)</b>
of which fixed asset acquisitions	(0.5)	(2.4)	(3.1)
of which changes in scope	-	(22.3)	(26.6)
<b>Net cash flow from financing operations</b>	<b>(38.7)</b>	<b>(0.5)</b>	<b>(11.2)</b>
of which dividends paid	-	(4.6)	(4.6)
of which sales (acquisitions) of company shares	0.1	(3.5)	(3.5)
of which loans received net of repayments	(34.1)	11.7	6.5
of which repayments of lease liabilities	(4.1)	(3.4)	(6.7)
<b>Change in cash and cash equivalents</b>	<b>(20.4)</b>	<b>(12.4)</b>	<b>14.6</b>

\* A change in the presentation of the cash flow statement has been made compared to fiscal year 2019/20. See the consolidated financial statements for more details.

## Net financial debt of less than €16m; available cash and cash equivalents of €45m

Consolidated data (in €m) Estimated data for 09/30/2020	09/30 2020	03/31 2020
<b>Non-current assets</b>	224.1	232.8
of which goodwill	161.2	166.5
including rights to use leased assets	27.5	30.6
<b>Current assets</b>	137.3	151.7
of which trade receivables	115.1	128.4
<b>Cash and cash equivalents</b>	44.6	65.1
<b>TOTAL ASSETS</b>	<b>406.0</b>	<b>449.6</b>

Consolidated data (in €m) Estimated data for 09/30/2020	09/30 2020	03/31 2020
<b>Shareholders' equity</b>	184.7	177.1
of which minority interests	0.0	0.0
<b>Financial liabilities</b>	60.2	94.3
of which less than one year	8.1	38.2
<b>Lease liabilities</b>	33.8	37.7
<b>Non-financial liabilities</b>	127.2	140.5
<b>TOTAL LIABILITIES</b>	<b>406.0</b>	<b>449.6</b>

**Net debt: €15.6m**

*compared with €29.1m at March 31, 2020*

Reminder: the release of €6.3m in employee profit-sharing payments in France has been delayed until December

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# What is the impact of the 2<sup>nd</sup> wave of the epidemic?

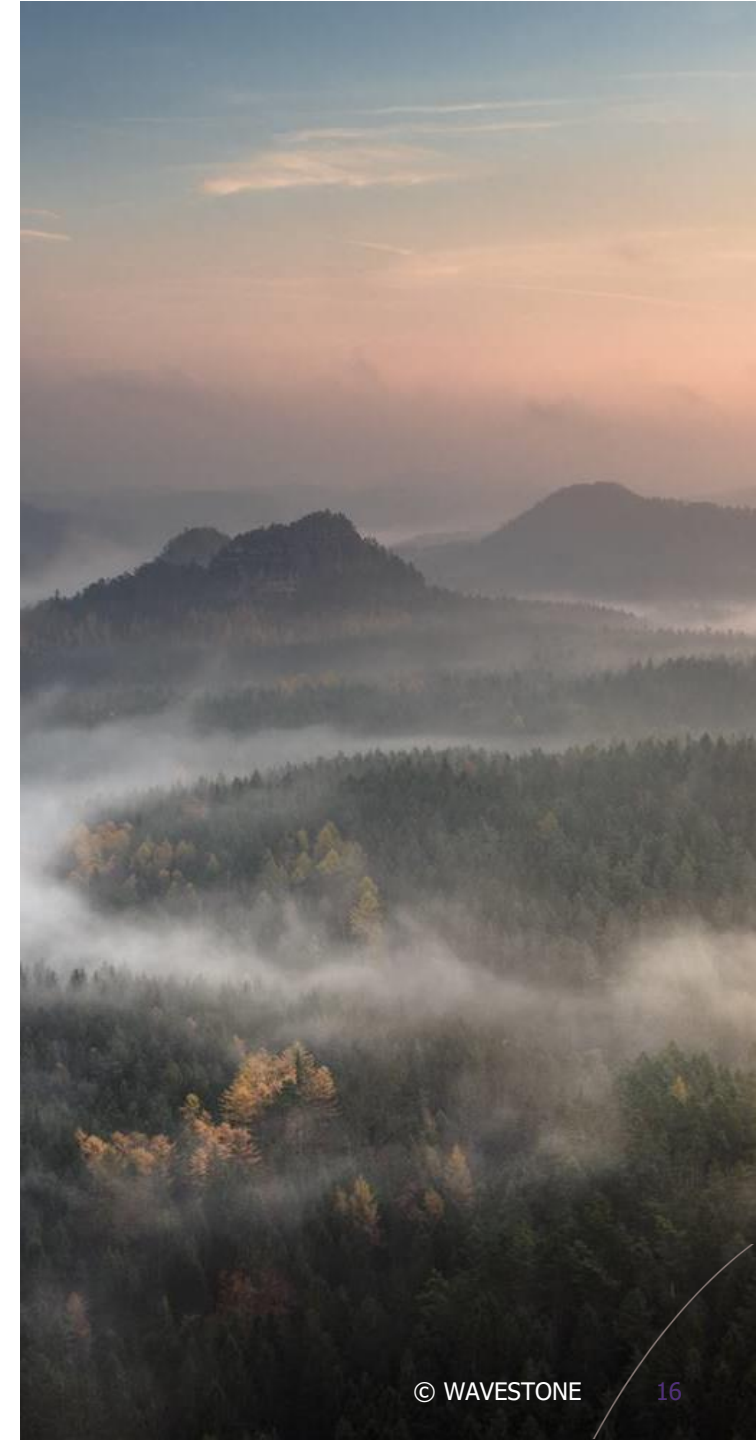
- / A very limited direct impact of the return to lockdown on Wavestone's business activity
- / But uncertainty has returned for the first months of 2021
  - > the outlook for 2021 is less certain than that envisaged a few months ago
  - > a start to the year that will potentially be slowed by clients taking a cautious approach
- / Several levers for Wavestone despite the uncertainties

CYBERSECURITY

IT OPTIMIZATION

ACCELERATION OF  
TRANSFORMATIONS

M&A - CARVE-OUT





# Continued pursuit of the battle plan in H2 2020/21

- / Ongoing and intense business development activity
  - > continual adjustment to business priorities
- / Intensification of stimulus actions – targeted at practices and offices lagging on performance recovery
- / Active preparation for the start of 2021
  - > to minimize potential staffing disruptions
- / Confirmation of the performance plan
  - > €16.5m is now the target for savings over the whole year (which excludes the effects of furlough measures and assumes no adjustment to the workforce)



# Taking a progressively more bullish stance

## / Near-total cessation of furlough arrangements

- > maintained in the UK only

## / Gradual expansion of the resumed recruitment activity to new offices and practices

- > over 400 gross hires envisaged for the 2020/21 fiscal year, including 300 new starters by the end of March.
- > hiring salaries same as previous year
- > nevertheless, a decline in headcount of about 5% over the year, as a result of recruitment freeze in H1 and staff turnover rate

## / Relaunch of external growth activity

- > international acquisitions to be the priority
- > possible strategic acquisitions in France



# 2020/21 financial objectives

Q3

- / Target is consultant utilization rate of over 72% for the quarter (vs. 65% in H1)
- / Reduced level of revenue of the same order as that seen in H1
  - > effect of changes in workforce and prices

2020/21  
OBJECTIVES

- / 2020/21 revenue of over €400m
- / Double-digit EBIT margin



# Financial agenda

**1 Q3 2020/21 revenue**  
(after stock market closing; followed by a videoconference)

**3 2020/21 annual results**  
(after stock market closing; followed by an investors' meeting the next day)



**2 2020/21 annual revenue**  
(after stock market closing; followed by a videoconference)

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