

# INVESTOR MEETING

## ODDO BHF NEXTCAP FORUM 2021

June 3, 2021



# AGENDA

- / **01** About Wavestone
- / **02** 2020/21 annual results
- / **03** Outlook and recent news

# Wavestone: independent pure player in consulting



Independent **pure player**

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

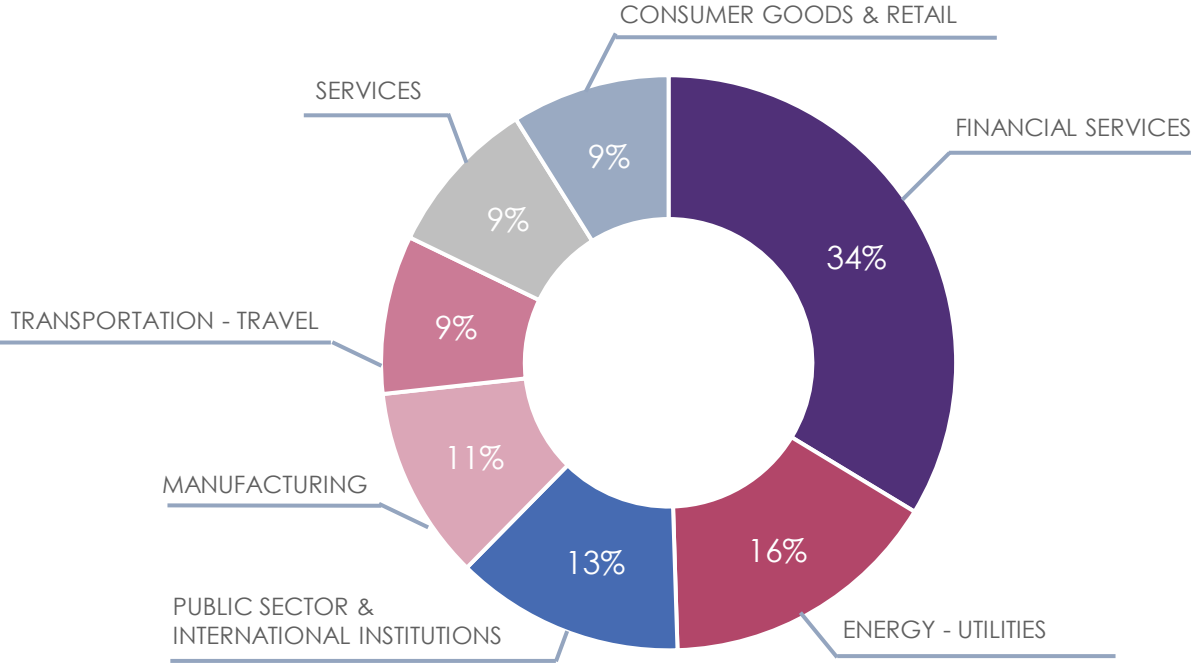


**12 offices** across 8 countries



**+3,000** employees

# Distribution of revenue at March 31, 2021



2020/21 Revenue	
FRANCE	85%
INTERNATIONAL	15%

TOP-20 CLIENTS 2020/21	
EDF	8%
SNCF	7%
SOCIETE GENERALE	5%
AXA	4%
CREDIT AGRICOLE	4%
TOTAL	4%
LA POSTE	4%
BNP PARIBAS	3%
ENGIE	3%
UGAP	2%
L'OREAL	2%
SANOFI	2%
BPCE	2%
MINISTRY OF THE ECONOMY	2%
ALLIANZ	2%
MINISTRY OF THE ARMED FORCES	1%
STELLANTIS	1%
GROUPAMA	1%
LEGAL & GENERAL	1%
BIOMERIEUX	1%



## Our ambition: to remain a company at the forefront of CSR

- 1 High expectations from our clients
- 2 A lever to nurture employee commitment to the business's vision
- 3 In balance with the long-term dimension of Wavestone's business vision

And an essential part of the company's DNA:

**To be a responsible company and a good corporate citizen**



*2<sup>nd</sup> in our class in 2020*



*72/100 "Gold" Commitment*



*Score B-*



*2<sup>nd</sup> in the "Youth" category*



*4<sup>th</sup> in class in 2020*



*90% favorable recommendations*

# Our commitments on sustainable performance

## Our commitments

- 1 Improve client satisfaction and support clients in sustainable performance
- 2 Promote employee engagement, well-being, and quality-of-life at work
- 3 Act for diversity, and create an inclusive working environment where everyone is free to be themselves, and has the same opportunity to fulfill their potential
- 4 Be a corporate citizen that behaves ethically and responsibly
- 5 Minimize the impact of our activity on the environment

## Our challenges

- △ / Client satisfaction  
/ Responsible Consulting
- △ / Employee development, retention, and engagement  
/ Work-life balance and well being
- △ / Diversity, inclusion, and professional equality  
/ Responsible recruitment
- △ / Corporate citizenship  
/ Ethics, compliance, and data protection  
/ Governance and financial transparency  
/ Responsible purchasing  
/ Pro bono consulting  
/ Charity sponsorship
- △ / Environmental footprint

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## Limited decline in annual revenue of -1%

Revenue unaudited consolidated data (in €m)	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%
Q3	111.8	112.7	-1%	+3%
Q4	119.1	114.9	+4%	+7%
Twelve-month total	417.6	422.0	-1%	-1%

<sup>(1)</sup> Excluding WGroup, which has been consolidated since 8/1/2019.

/ €417.6m for the 2020/21 fiscal year, a limited decline of -1%

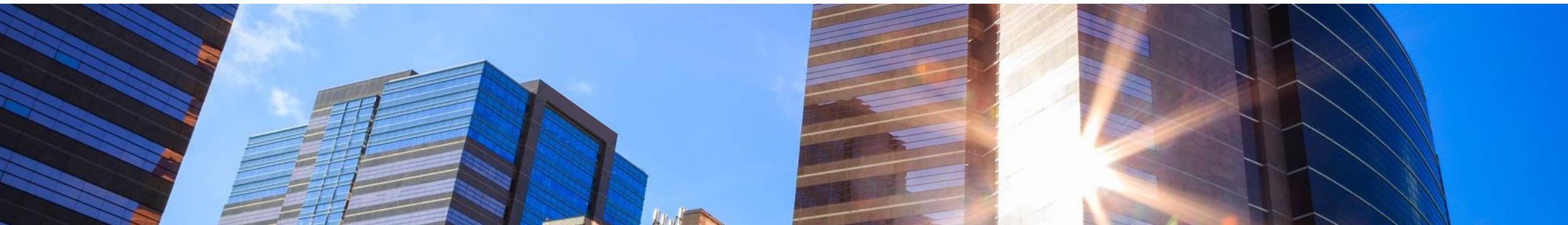
> also -1% at constant scope and exchange rates

/ Solid outperformance of the market, in a consulting sector that contracted in 2020

> -13% contraction worldwide (source: Source Global Research), -11% in France (source: Syntec Conseil)



## Good consultant utilization rate and prices stabilizing



	2020/21 fiscal year (12 months)	2019/20 fiscal year (12 months)	
Consultant utilization rate	71%	71%	▶ from 63% in Q1, to 75% in Q4
Average daily rate	€842	€878	▶ annual change of -4% over 2020/21; in line with the -3% to -5% range announced at the start of the fiscal year
Order book	4.1 months	3.5 months	▶ further increase in the size of the order book compared with December 31, 2020 (3.9 months)

## Limited decline in the workforce in 2020/21: -1%

### / 3,453 employees at March 31, 2021

- › compared with 3,358 at December 31, 2020; and 3,498 at March 31, 2020
- › decline ultimately limited to -1% over the fiscal year

### / Recruitment plan targets exceeded in 2020/21

- › about 450 gross hires achieved during the year
- › outperforming the 400-hires target

### / Staff turnover rate of 11% at the end of the fiscal year

- › compared with 14% a year before
- › rate expected to rise in the coming quarters



## EBIT margin of 12.8% in 2020/21

Consolidated data (in €m) Audited data	2020/21 (12 months)	2019/20 (12 months)	Change
<b>Revenue</b>	<b>417.6</b>	<b>422.0</b>	<i>-1%</i>
<b>EBIT</b>	<b>53.3</b>	<b>55.7</b>	<i>-4%</i>
<i>EBIT margin</i>	<i>12.8%</i>	<i>13.2%</i>	
Amortization of client relationships	(1.5)	(1.6)	
Other operating income and expenses	(8.5)	(0.6)	
<b>Operating income</b>	<b>43.3</b>	<b>53.5</b>	<i>-19%</i>
Cost of net financial debt	(1.1)	(2.2)	
Other income and expenses	(1.5)	(1.2)	
Income tax expenses	(15.3)	(19.0)	
<b>Group share of net income</b>	<b>25.4</b>	<b>31.1</b>	<i>-19%</i>
<i>Net margin</i>	<i>6.1%</i>	<i>7.4%</i>	

/ €19.5m in savings achieved in 2020/21

> exceeding the €15m initially targeted in the performance plan

/ €3.2m provision within EBIT, following the proposal to reimburse the monies received under furlough arrangements

/ €8.3m in provisions and depreciation within other operating income and expenses, linked to the Smartworking@Wavestone project

> including €5.3m in future disbursements

## Record cash flow from business activities in 2020/21: €70.8m

Consolidated data (in €m) Audited data	2020/21 (12 months)	2019/20* (12 months)
<b>Self-financing capacity before net financial debt and tax expenses</b>	<b>67.0</b>	<b>68.3</b>
Tax paid	(17.0)	(19.2)
Change in working capital requirements	20.8	6.2
<b>Net cash flow from operations</b>	<b>70.8</b>	<b>55.3</b>
<b>Net cash flow from investments</b>	<b>(0.8)</b>	<b>(29.5)</b>
of which fixed asset acquisitions	(0.7)	(3.1)
of which changes in scope	-	(26.6)
<b>Net cash flow from financing operations</b>	<b>(47.2)</b>	<b>(11.2)</b>
of which dividends paid	-	(4.6)
of which sales (acquisitions) of company shares	0.1	(3.5)
of which loans received net of repayments	(38.3)	6.5
of which repayments of lease liabilities	(7.8)	(6.7)
<b>Change in cash and cash equivalents</b>	<b>22.8</b>	<b>14.6</b>

\* The way the cash flow table is presented has changed since September 30, 2020. See the consolidated financial statements for more details.

## Net cash position of €31.8m

Consolidated data (in €m) Audited data	3/31 2021	3/31 2020
<b>Non-current assets</b>	212.6	232.8
of which goodwill	162.0	166.5
including rights to use leased assets	21.0	30.6
<b>Current assets</b>	145.8	151.7
of which trade receivables	125.7	128.4
<b>Cash and cash equivalents</b>	88.0	65.1
<b>TOTAL ASSETS</b>	<b>446.5</b>	<b>449.6</b>

Consolidated data (in €m) Audited data	3/31 2021	3/31 2020
<b>Shareholders' equity</b>	206.1	177.1
of which minority interests	0.0	0.0
<b>Financial liabilities</b>	56.2	94.3
of which less than one year	8.2	38.2
<b>Lease liabilities</b>	30.3	37.7
<b>Non-financial liabilities</b>	154.0	140.5
<b>TOTAL LIABILITIES</b>	<b>446.5</b>	<b>449.6</b>

**Available cash and cash equivalents of €31.8m at March 31, 2021**

*against net debt of €29.1m at March 31, 2020*

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# Acquisition of Everest Group's *Consulting* practice in the US

## / Everest Group, a market research and consulting firm

- > the consulting practice advises companies on the challenges they face in terms of IT sourcing and business-process outsourcing
- > a client portfolio drawn from the top-500 US companies across a range of sectors – including financial services, utilities, retail, and consumer goods

## / Details of the acquisition

- > Wavestone has acquired all the *Consulting* practice assets
- > purchase price: \$10.1m (€8.3m) in enterprise value
- > +\$5.1m (€4.2m) depends on revenue in the 2021/22 fiscal year
- > financed from cash

## / A strategic partnership between Wavestone and Everest Group

- > Wavestone is Everest Group's exclusive consulting partner in North America

- **Average annual revenue of \$11m (~ €9.1m)** over the last three fiscal years
- **Profitability comparable to Wavestone's**
- **5 partners and 20 employees**
- Registered office: **Dallas, USA**
- Consolidated since **May 1, 2021**

# 2021, progressive recovery in confidence

## / A gradual improvement in consulting market conditions

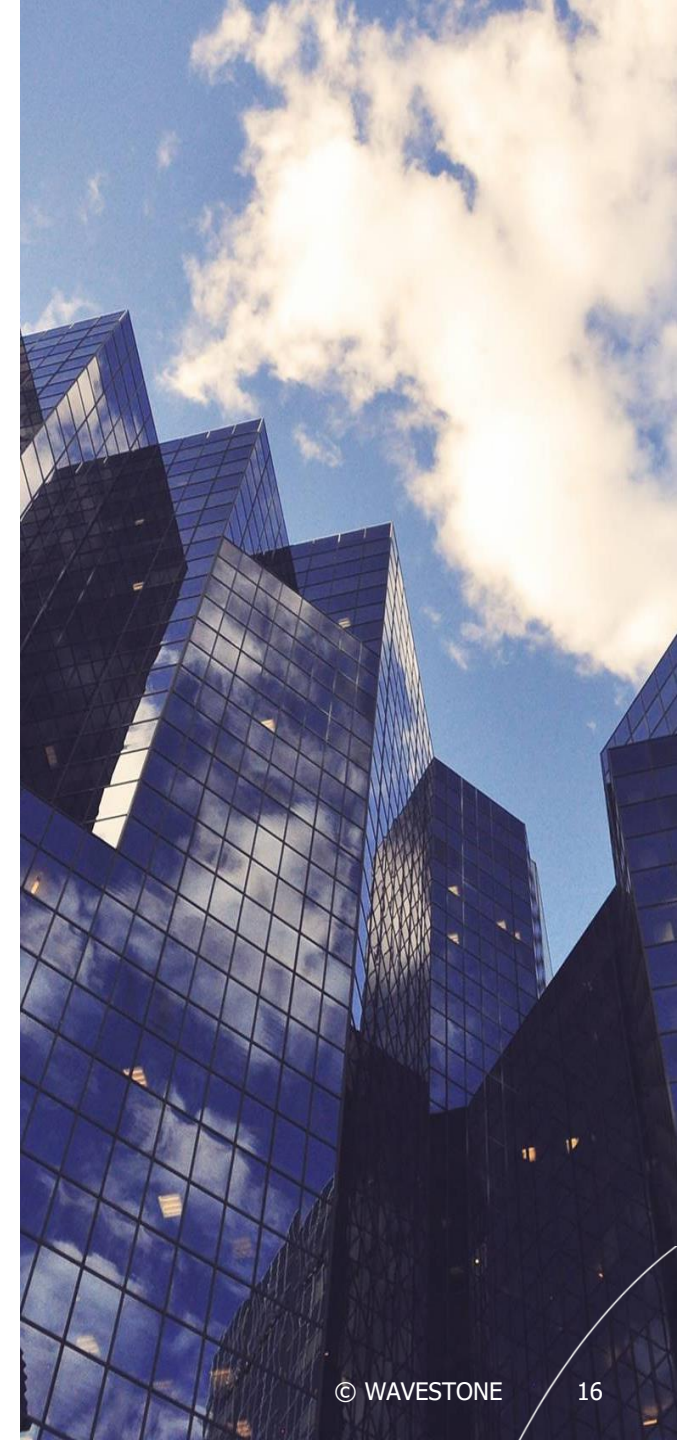
- › spending on consulting services still being tightly controlled...
- › ...but an increased number of major transformation projects, accelerated by the crisis

## / The motors of recovery

- › acceleration of the digital transition
- › M&A and carve-outs
- › the quest for operational efficiency and business-model optimization

## / Sector dynamics are still sharply contrasted

- › sectors that remain sluggish: automotive, retail, transportation
- › strongly-positioned sectors: pharmaceuticals, utilities, the public sector, insurance, and banking







## A fiscal year focused on a return to growth

### / Maintenance of high levels of business activity

- > restore the performance of activities still impacted by the crisis
- > remain alert for potential new downturns
- > support the return to growth

### / Hiring and staff turnover return to the top of the agenda

- > acceleration of recruitment: 800 new hires targeted for the current fiscal year
- > after the low of 2020/21, staff turnover likely to increase...
- > ...but the aim is to contain it at about 15%

### / Operational indicators: continue to build on the momentum of Q4 2020/21

- > confirm the stabilization of sales prices over the fiscal year
- > maintain a consultant utilization rate of 75% – close to that of H2 2020/21

## 2021/22 financial objectives

### / Revenue target raised to €460m

- › against a previous target of €450m – set before taking into account the integration of Everest Group's consulting practice from May 1, 2021

### / Objective of an EBIT margin close to 13% is confirmed

- › includes renewed expenses linked to growth, partially offset by savings from Smartworking@Wavestone

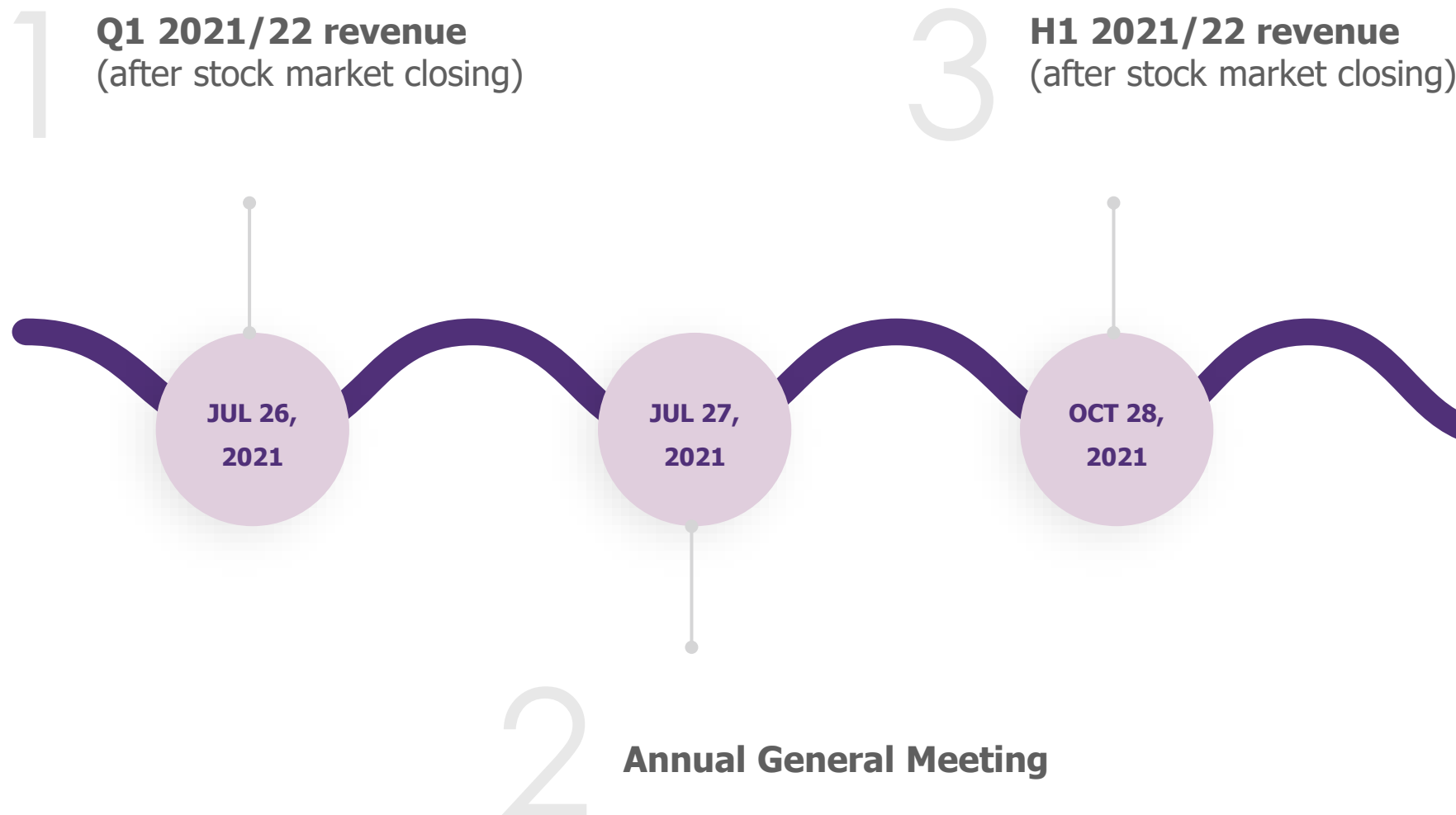
### / Continuation of the strategy of targeted acquisitions

- › acquisition of US firms remains the priority
- › but without ruling out tactical acquisitions in other geographies, especially France

*These objectives are calculated on a constant forex basis and exclude new acquisitions.*



# Financial agenda



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