

# INVESTOR MEETING

## Digital Autumn Conference Kepler Cheuvreux

September 14, 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

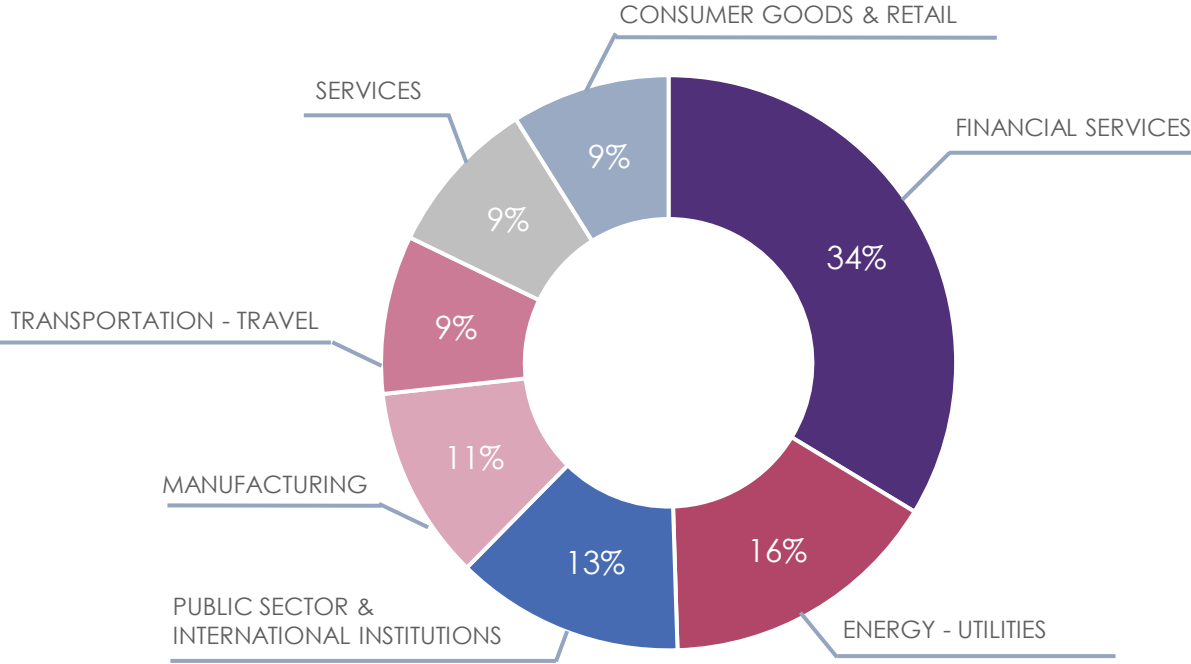


**8 countries**



**+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%
TOTALENERGIES	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 be a responsible and citizen company

## 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



*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*

# AGENDA

/ **01** About Wavestone

/ **02** 2020/21 annual results

/ **03** Outlook and recent news

## 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.

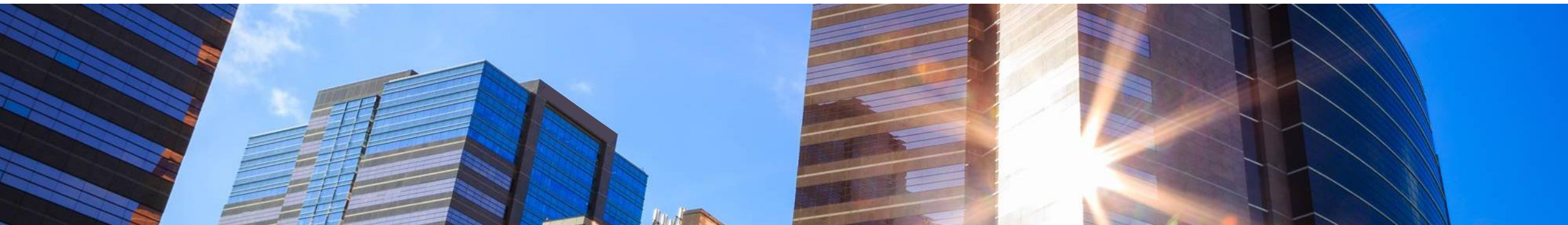
/ €417.6m for the 2020/21 fiscal year, a limited decline of -1%

> 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>	-1%
<b>EBIT</b>	<b>53.3</b>	<b>55.7</b>	-4%
<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>	-19%
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>	-19%
<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*

# AGENDA

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



## A fiscal year focused on the return to growth

- / A progressive improvement in the consulting market, underpinned by major transformation projects
  - > acceleration of the digital transition
  - > M&A and carve-outs
  - > the quest for operational efficiency and business-model optimization
  
- / Hiring and staff turnover return to the top of the agenda
  - > acceleration of recruitment: 800 new hires targeted over the fiscal year
  - > an increase in staff turnover rate anticipated...
  - > ...but the aim is to limit it to about 15%
  
- / Operational indicators: continuing to build on the momentum of 2020/21
  - > stabilize sales prices over the fiscal year
  - > maintain a consultant utilization rate of 75%

## Q1 2021/22 revenue of €115.2m – in line with the annual business plan

Revenue		2021/22	2020/21	Change	Change at constant scope <sup>1</sup> and on a constant forex basis
<i>In €m - unaudited consolidated data</i>					
Q1		115.2	94.4	+22%	+21%

<sup>(1)</sup> Excluding Everest Group *consulting*, which has been integrated into Wavestone's consolidated accounts since 05/01/2021

### / Revenue growth of +22% in Q1 2021/22

- > a favorable baseline (revenue was down -10% in Q1 2020/21, at constant scope and exchange rates)
- > positive working day impact of + 3% over the quarter

### / Organic growth of +21%

## Solid consultant utilization rate; prices stable, compared with 2020/21

	Q1 2021/22 (3 months)	2020/21 fiscal year (12 months)	
Consultant utilization rate	78%	71%	► solid consultant utilization rate in Q1 2021/22; higher than the 75% target for the whole of the fiscal year
Average daily rate	€842	€842	► sales prices stable compared with the 2020/21 fiscal year; contribution of Everest Group <i>consulting</i> over two months: +€3
Order book	4.3 months	4.1 months	► sustained levels of business-development activity in Q1



# 3,437 employees at the end of June 2021

## / Hiring in line with recruitment objectives

- › reminder: target for the fiscal year is 800 gross hires

## / Staff turnover rate of 13% at the end of June 2021 (on a rolling 12-month basis)

- › vs. 11% in 2020/21
- › confirmation of the tightening labor market that the company anticipated
- › the objective of limiting staff turnover to 15% for the whole of the fiscal year may prove more challenging than expected

## / 3,437 employees at June 30, 2021

- › vs. 3,453 at March 31, 2021



# Integration of Everest Group *consulting* in the US

## / Acquisition of Everest Group's consulting practice

- > advises Fortune-500 companies on the challenges they face in terms of IT sourcing and business-process outsourcing
- > strengthens Wavestone's position in the US – a priority market in the firm's international business-development strategy

## / Recap on details of the acquisition

- > Wavestone has acquired all the assets of the *consulting* practice
- > purchase price: \$10.1m (€8.3m) in enterprise value
- > +\$5.1m (€4.2m), depending on revenue performance in the 2021/22 fiscal year

## / Integration is on track

- > despite revenue being lower than the business plan target for May and June

→ **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**

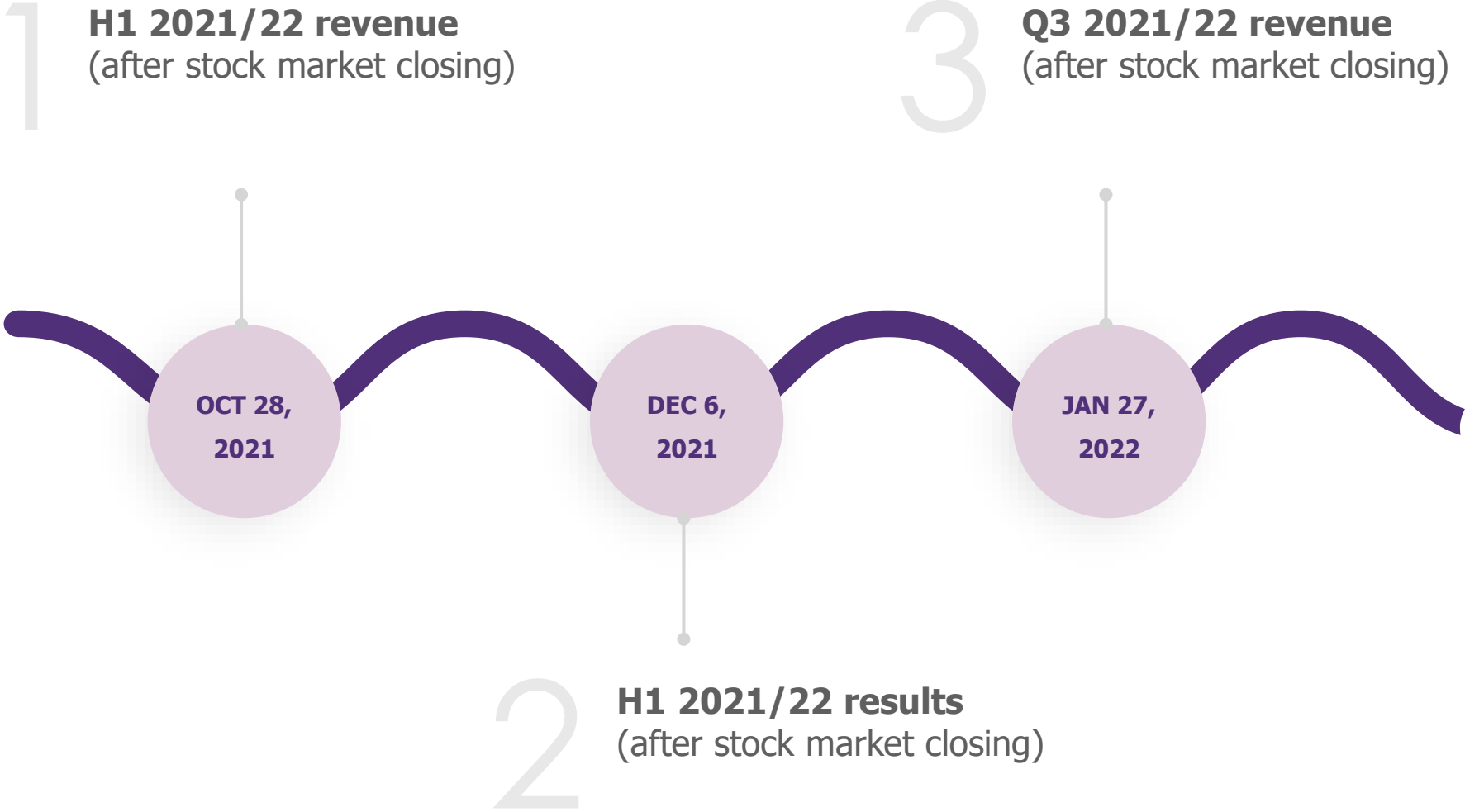
# 2021/22 financial objectives

- / Revenue objective: €460m
- / EBIT margin objective: close to 13%
- / Continued strategy of targeted acquisitions
  - > acquisition of US firms remains the priority
  - > but without ruling out tactical acquisitions in other geographies
- / Launch of a strategic review in Q1
  - > publication of a new multi-year development plan in December 2021

*These financial objectives, which include Everest Group consulting, are calculated on a constant forex basis and exclude new acquisitions.*



# Financial agenda



**Pascal IMBERT**  
CEO

[pascal.imbert@wavestone.com](mailto:pascal.imbert@wavestone.com)

**Tiphanie BORDIER**  
CFO

[tiphanie.bordier@wavestone.com](mailto:tiphanie.bordier@wavestone.com)

[wavestone.com](http://wavestone.com)  
[@wavestone\\_](#)