

Paris, 8 September 2020

## Devoteam achieved revenue of €387.2 million and operating margin of €35.8 million in the first half of 2020

- Revenue decreasing 2.4% in Q2
- Net income - Group share decreasing 7.1% in H1
- Founders and reference shareholders announced a tender offer on Devoteam's shares on July 9 2020, at a price of €98 per share

In millions of euros <sup>(1)</sup>	30.06.2020	30.06.2019	Variation	Organic variation <sup>(2)</sup>
<b>Revenue</b>	<b>387.2</b>	<b>373.3</b>	<b>+3.7%</b>	<b>+3.7%</b>
<b>Operating margin</b>	<b>35.8</b>	<b>33.4</b>	<b>+7.2%</b>	
In % of the revenue	9.3%	9.0%	+0.3 pt	
<b>Operating income</b>	<b>31.4</b>	<b>31.9</b>	<b>-1.3%</b>	
In % of the revenue	8.1%	8.5%	-0.4 pt	
<b>Net income - Group share</b>	<b>16.4</b>	<b>17.6</b>	<b>-7.1%</b>	
Diluted earnings per share <sup>(3)</sup>	€1.99	€2.15	-7.4%	
<b>Net cash (debt) at closing<sup>(4)</sup></b>	<b>92.4</b>	<b>(1.2)</b>	<b>+€93.5m</b>	

<sup>(1)</sup>The financial statements presented in this press release have been approved by the Supervisory Board on 7 September 2020 and are currently being certified by the Group Auditors.

<sup>(2)</sup>At comparable perimeter and exchange rates.

<sup>(3)</sup>Based on the weighted average number of shares for the year.

<sup>(4)</sup>Cash position net of all financial debts, excluding debts related to operating leases under IFRS 16 "leases".

H1 2020 consolidated financial statements are available on our website:  
<https://www.devoteam.com/investors/financial-information/>



## Results for the first half of 2020

**Revenue** reached €387.2 million for the first half of 2020, growing 3.7% compared to the same period last year.

Variations in exchange rates and perimeter were marginal. As a result, the organic growth rate also amounted to 3.7%, with a positive working day impact for around 1 point.

During the second quarter of 2020, the Group generated revenue of €180.3 million, decreasing 2.4% compared to the second quarter of 2019, of which 1.7% organically.

Supported by the COVID-19 short-time work measures, the **operating margin** stood at €35.8 million and 9.3% of the revenue during the first half of 2020. Considering the second quarter only, the operating margin represented 3.2% of the revenue, once restated of the short-time work mechanisms.

The **operating result** amounted to €31.4 million, slightly lower than the first semester of 2019. It included restructuring costs of €0.6 million, mainly in Germany, the Netherlands and Norway, along with a €1.7 million impairment loss.

The **financial result** landed at -€2.6 million. It included a €1.2 million foreign exchange loss, a €0.5 million interest expense on the bond issue, a €0.3 million cost related to the application of IFRS 16, and €0.2 million of short-term financing costs (confirmed lines of credit and factoring).

**Tax expenses** totaled €10.9 million, representing 36.4% of profit before tax, compared to 33.1% during the first half of 2019. Excluding non-taxable profits and other exceptional elements, the tax rate would have been 31.4% in the first half of 2020. The tax rate decreased compared to the same period last year, as a result of the fiscal measures deployed in France.

The **Group share of net income** decreased 7.1% from €17.6 million in the first semester of 2019 to €16.4 million in the first semester of 2020.

On 30 June 2020, the **net cash** included a positive impact from the payment deferral of tax and social charges for €20.5 million, following the government measures to support the economy during the COVID-19 crisis. Net cash also included a factor of €14.2 million. Restated from the deferred payments and the factor, net cash was €57.7 million.



## Headcount and utilization rate

On 30 June 2020, the Group employed 7 484 people, including 85.8% of billable employees. The ratio was stable compared to 31 March 2020.

The headcount was down 172 compared to 31 March 2020, despite an attrition rate that fell from 31.6% in the previous quarter to 24.1% in the second quarter.

In the second quarter of 2020, the Group recorded a utilization rate of internal resources of 78.3%, strongly impacted by the suspension of projects following the COVID-19 crisis.

## Tender offer update<sup>1</sup>

On July 9 2020, Devoteam's founders - members of the Board of Directors and reference shareholders - Mr. Godefroy and Mr. Stanislas de Bentzmann, decided to jointly launch a public tender offer on Devoteam's shares at a price of €98 per share to consolidate their control, with the support of KKR as financial partner. The objective is to accelerate Devoteam's complex transformation and to deliver the strategic vision "Tech for people" within a highly demanding and competitive digital landscape.

The tender offer is expected to be filed with the AMF in September and to open at the beginning of the fourth quarter.

Completion of the transaction remains subject to obtaining foreign investments control clearance from the French *Ministère de l'Economie* (it being specified that the tender offer received in August the approvals from the competition authorities in Austria and Germany).

## 2020 outlook

The second half of the year continues to be impacted by the COVID-19 crisis. The revenue decrease is expected to be greater in the third quarter than in the second quarter, following the hiring freeze in most of the Group's geographies and with a utilization rate that remains deteriorated.

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<sup>1</sup> In accordance with French law, the documentation relating to the public offer targeting the shares of Devoteam, which will include the terms and conditions of the offer, will be subject to review by the AMF. The offer will only be opened once the AMF has granted its clearance.



Some countries are expected to be particularly affected, such as Germany, the Netherlands, France and the Middle East.

While the economic environment remains highly uncertain and consultants utilization rates continue to be under pressure, the Group still anticipates an economic recovery in the fourth quarter. As a result, Devoteam maintains its objective of achieving revenues of €759 million and an operating margin of approximately 9% for 2020.

### **Financial calendar**

Third quarter 2020 revenue : 10 November 2020 after market closing.



## Appendix

### Quarterly revenue by region

In millions of euros	Q1 2020	Q1 2019	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>France</b>	<b>95.5</b>	<b>89.0</b>	<b>78.1</b>	<b>85.9</b>	<b>173.6</b>	<b>174.9</b>
Variation	7.2%		-9.1%		-0.8%	
L-f-I variation	7.2%		-9.1%		-0.8%	
<b>Northern Europe &amp; Benelux</b>	<b>56.3</b>	<b>49.8</b>	<b>53.1</b>	<b>50.0</b>	<b>109.4</b>	<b>99.8</b>
Variation	13.1%		6.2%		9.6%	
L-f-I variation	11.2%		8.2%		9.7%	
<b>Central Europe</b>	<b>19.7</b>	<b>20.4</b>	<b>17.2</b>	<b>19.9</b>	<b>36.9</b>	<b>40.4</b>
Variation	-3.5%		-13.6%		-8.5%	
L-f-I variation	-3.7%		-13.3%		-8.5%	
<b>Iberia &amp; Latam</b>	<b>19.6</b>	<b>16.3</b>	<b>19.4</b>	<b>16.4</b>	<b>39.0</b>	<b>32.7</b>
Variation	19.9%		18.0%		19.0%	
L-f-I variation	16.5%		15.8%		16.1%	
<b>Rest of the world</b>	<b>17.3</b>	<b>13.3</b>	<b>13.8</b>	<b>12.8</b>	<b>31.1</b>	<b>26.1</b>
Variation	29.7%		8.1%		19.1%	
L-f-I variation	26.2%		6.7%		16.6%	
<b>Corporate &amp; other</b>	<b>(1.4)</b>	<b>(0.7)</b>	<b>(1.4)</b>	<b>(1.1)</b>	<b>(2.8)</b>	<b>(1.9)</b>
<b>Divestments</b>	<b>0.0</b>	<b>0.5</b>	<b>-</b>	<b>0.8</b>	<b>0.0</b>	<b>1.3</b>
<b>Total</b>	<b>207.0</b>	<b>188.6</b>	<b>180.3</b>	<b>184.7</b>	<b>387.2</b>	<b>373.3</b>
Variation	9.7%		-2.4%		3.7%	
L-f-I variation	8.9%		-1.7%		3.7%	
Currency impact	-0.1%		-0.6%		-0.3%	
Perimeter impact	0.9%		-0.1%		0.4%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2020	Q1 2019	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Northern Europe &amp; Benelux</b>	<b>1.5</b>				<b>1.5</b>	
Avalon Solutions, consolidated as of 1 April 2019	1.5				1.5	



## Revenue and operating margin by region

In millions of euros	H1 2020	H1 2019
<b>France</b>		
Group contribution	173.6	174.9
Operating margin	19.0	20.9
In % of Group contribution	10.9%	11.9%
<b>Northern Europe &amp; Benelux</b>		
Group contribution	109.4	99.8
Operating margin	11.7	6.7
In % of Group contribution	10.7%	6.7%
<b>Central Europe</b>		
Group contribution	36.9	40.4
Operating margin	2.1	1.3
In % of Group contribution	5.8%	3.2%
<b>Iberia &amp; Latam</b>		
Group contribution	39.0	32.7
Operating margin	3.6	2.8
In % of Group contribution	9.2%	8.5%
<b>Rest of the world</b>		
Group contribution	31.1	26.1
Operating margin	2.8	3.2
In % of Group contribution	8.9%	12.3%
<b>Corporate &amp; other</b>		
Group contribution	(2.8)	(1.9)
Operating margin	(3.3)	(1.3)
<b>Divestments</b>		
Group contribution	0.0	1.3
Operating margin	(0.0)	(0.1)
In % of Group contribution	-151.1%	-6.5%
<b>Total</b>		
Group contribution	387.2	373.3
Operating margin	35.8	33.4
In % of Group contribution	9.3%	9.0%

## Utilization rate of internal resources

Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020
82.3%	83.1%	84.0%	84.5%	83.5%	82.3%	78.3%



## Balance sheet

In millions of euros	30.06.2020	31.12.2019	30.06.2019
<b>Assets</b>			
Goodwill	132.4	136.6	135.8
Non-current assets	78.7	78.7	78.8
Current assets	293.9	287.6	298.6
Net cash (debt) <sup>(1)</sup>	92.4	48.0	(1.2)
<b>Total assets</b>	<b>597.4</b>	<b>550.8</b>	<b>512.1</b>
<b>Liabilities</b>			
Group shareholders' equity	209.7	196.3	174.2
Minority shareholders' equity	16.1	15.1	11.6
Long term liabilities	55.9	58.1	56.4
Current liabilities	315.7	281.4	269.9
<b>Total equity &amp; liabilities</b>	<b>597.4</b>	<b>550.8</b>	<b>512.1</b>

<sup>(1)</sup>Cash position net of all financial debts, excluding debts related to operating leases under IFRS 16 "leases".

## Net cash

In millions of euros	30.06.2020	31.12.2019	30.06.2019
Short-term investments	0.1	0.1	0.3
Cash at bank <sup>(2)</sup>	127.9	81.5	43.1
Bank overdrafts (liability)	(2.2)	(0.1)	(0.9)
<b>Cash and cash equivalents</b>	<b>125.9</b>	<b>81.6</b>	<b>42.5</b>
<b>Cash management assets</b>	<b>-</b>	<b>-</b>	<b>0.4</b>
Bonds	(29.9)	(29.9)	(29.9)
Obligations under finance leases	-	-	(0.0)
Draw-downs on bank and similar facilities and other borrowings	(1.6)	(1.9)	(2.2)
<b>Long-term borrowings</b>	<b>(31.5)</b>	<b>(31.8)</b>	<b>(32.1)</b>
Bonds	(0.9)	(0.4)	(0.9)
Obligations under finance leases	(0.0)	(0.0)	(0.0)
Draw-downs on bank and similar facilities and other borrowings	(1.1)	(1.3)	(10.9)
<b>Short-term borrowings</b>	<b>(2.0)</b>	<b>(1.8)</b>	<b>(11.8)</b>
<b>Total borrowings</b>	<b>(33.5)</b>	<b>(33.6)</b>	<b>(44.0)</b>
Derivative instruments	-	-	-
<b>Net cash (debt)<sup>(1)</sup></b>	<b>92.4</b>	<b>48.0</b>	<b>(1.2)</b>
Of which cash from discontinued operations	-	-	-
<b>Total Equity</b>	<b>225.8</b>	<b>211.4</b>	<b>185.8</b>
<b>Debt to Equity Ratio</b>	<b>-40.9%</b>	<b>-22.7%</b>	<b>0.6%</b>

<sup>(1)</sup>Excluding debts related to operating leases under IFRS 16 "leases".

<sup>(2)</sup>Including factoring position (net of deposit) for €14.2 million on 30 June 2020, €11.5 million on 31 December 2019 and €15.4 million on 30 June 2019.



## Changes in exchange rates

For €1	Average rate H1 2020	Average rate H1 2019	Variation
UAE dirham	4.047	4.149	2.5%
Swiss franc	1.064	1.130	6.1%
Czech koruna	26.333	25.685	-2.5%
Danish krone	7.465	7.465	0.0%
Pound sterling	0.875	0.874	-0.1%
Moroccan dirham	10.759	10.844	0.8%
Mexican peso	23.843	21.654	-9.2%
Norwegian krone	10.732	9.730	-9.3%
Zloty	4.412	4.292	-2.7%
Serbian dinar	117.565	118.064	0.4%
Swedish kronor	10.660	10.518	-1.3%
Singapore dollar	1.541	1.536	-0.4%
Tunisian dinar	3.150	3.384	7.4%
Turkish lira	7.149	6.356	-11.1%
US dollar	1.102	1.130	2.5%

## Glossary

France : France.

Northern Europe & Benelux: Belgium, Denmark, United Kingdom, Luxembourg, Netherlands, Norway and Sweden. It also includes TMNS in Germany and in Serbia, Jayway in the United States, Avalon Solutions in Poland, in Singapore and in the USA.

Central Europe: Austria, Switzerland, Czech Republic, Germany and Slovakia.

Iberia & Latam: Spain, Mexico, Panama and Portugal.

Rest of the world: Middle East, Italy, Morocco, Tunisia and Turkey.

Corporate: headquarter activities which cannot be allocated directly to the operational regions, and discontinued operations.

Divestments: in 2019, it includes NauOn (Bold) deconsolidated from 30 June 2019, Devoteam Poland deconsolidated from 1 July 2019, and Precise Lda and EHC Lda



deconsolidated from 1 November 2019. In 2020, it includes Catalix deconsolidated from 1 April 2020.

Revenue and group contribution: the revenue of a region is the contributive revenue and is defined as the total revenue (internal and external) of the region minus the costs of internal subcontracting. It reflects the contribution of the region to the revenue of the Group produced with its own resources. The sum of the contributions of the regions corresponds to the consolidated revenue of the Group.

Operating margin: current operating result excluding the amortization of intangible assets resulting from acquisitions and the cost of share-based payments.

Like-for-like or l-f-l variation: variation at comparable perimeter and exchange rates. The currency impact is calculated by translating the accounts for year N of subsidiaries having a functional currency different than euro with N-1 exchange rates.

The impact of changes in the scope of consolidation is determined:

- for the year N acquisitions, by deducting from total revenue N, the amount of revenue generated during year N by the acquired entities;
- for the year N-1 acquisitions, by deducting from total revenue N, the amount of revenue generated during year N over the months during which the acquired entities were not consolidated in N-1;
- for the year N disposals, by deducting from total revenue N-1, the amount of revenue generated during year N-1 over the months during which the divested entities were no longer consolidated in N;
- for the year N-1 disposals, by deducting from total revenue N-1, the amount of revenue generated during year N-1 by the divested entities.

Utilization rate of resources: number of working days of billable employees that were billed to a client compared to the total number of available days excluding holidays.

Attrition rate: number of billable employees leaving the Group during the period compared to the average billable headcount over the same period.

SMACS: Social Mobile Analytics Cloud Security.

Free cash flow: operating cash flow reduced by the acquisition of tangible and intangible assets. From 1 January 2019, the operating cash flow is restated of IFRS 16 "leases" to maintain the lease payments in operating cash flow.

Net cash (debt): cash position net of all financial debts, excluding debts related to operating leases under IFRS 16 "leases".



## ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

As a pure player for Digital Transformation of leading organisations across EMEA, our 7,500 professionals are dedicated to ensuring our clients win their digital battles. With a unique transformation DNA, we connect business and technology.

Present in 18 countries in Europe and the Middle East, and drawing on more than 20 years of experience, we shape Technology for People, so it creates value for our clients, for our partners and for our employees.

Devoteam achieved revenues of €761.9 millions in 2019.

At Devoteam, we are Digital Transformakers.

Devoteam SA (DVT) is listed in the B Compartment of Euronext Paris (ISIN : FR 0000073793), part of indices CAC All Shares, CAC All-Tradables, CAC Mid&Small, CAC Small, CAC SOFT. & C.S., CAC TECHNOLOGY and ENT PEA-PME 150.

### Executive Board

Stanislas de Bentzmann,  
Co-CEO  
stanislas.de.bentzmann@devoteam.com

### Financial communication

Vivien Ravy,  
Group controlling & investor relations  
Director  
vivien.ravy@devoteam.com

### Press contact

Hopscotch  
devoteam@hopscotch.eu  
+33 6 89 25 54 82

[www.devoteam.com](http://www.devoteam.com)

