

# FY 2018 results

Analyst presentation

12 March 2019



# Disclaimer

This presentation contains forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and/or profitability in the future. Actual events or results may differ from those described in this document.

Consequently the company cannot guarantee the accuracy and the completeness of said forward-looking statements due to a number of uncertainties, many of which the company is not aware of.

For additional information concerning any important factor that may cause the company's actual results to materially differ from expectations and underlying assumptions, please refer to the reports filed by the company with the "Autorité des Marchés Financiers » (AMF).

**1**

**Key figures & facts**

# Key facts and figures 2018



## Strong 2018 performance

**2018 revenue growing 17.7% organically at €652.4m**

Net of €41.5m of IFRS 15 restatement

**Operating margin at 11.3%**, up 75 bp, or +36.3% in volume vs prior year

**Net income Group share up 52.3% at €38.1m**, from €25m in 2017

**Free cashflow up 33% at €41,3m**  
Net cash at €40.3m



## Strong activity on SMACS

**71% of SMACS revenue in Q4 2018**

Growth on AI and Google Cloud **“Machine Learning”** certification

Devoteam to continue its **multi-Cloud approach** with its partners (Amazon, Microsoft, Google and Red Hat)

**Cyber Security** is a key contributor on SMACS growth



## Strong M&A dynamics

Ins

- Sweden - Jayway from 01/10/18
- Germany - Alegri from 01/09/18
- Portugal - Bold from 01/09/18
- Spain - New BIC from 01/07/18

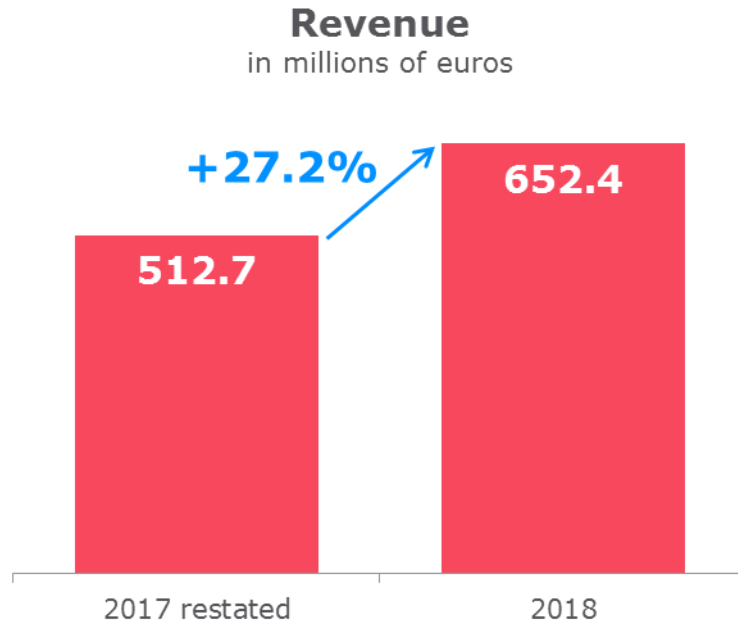
Outs

- France - Shift from 01/09/18
- Germany - Siticom GmbH from 31/12/18

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**Financial results**

## FY 2018 revenue



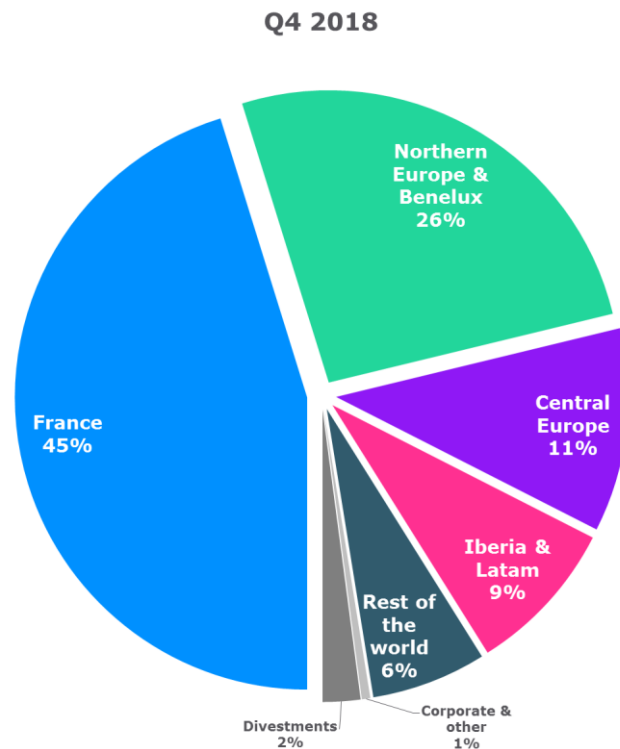
**+27.2% YoY growth of revenue**

- M&A impact: +10.2%
- FX impact: -0.6%

**+17.7% like-for-like variation**

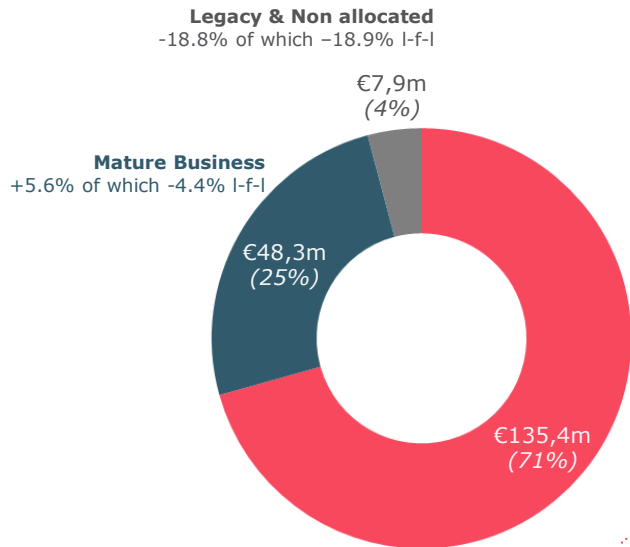
# Revenue by Region

In millions of euros	Q4 2018	Q4 2017 restated	2018	2017 restated
<b>France</b>	<b>87.0</b>	<b>71.5</b>	<b>319.4</b>	<b>246.1</b>
Variation	21.7%		29.8%	
L-f-I variation	22.2%		24.8%	
<b>Northern Europe &amp; Benelux</b>	<b>50.1</b>	<b>37.8</b>	<b>165.4</b>	<b>129.6</b>
Variation	32.5%		27.6%	
L-f-I variation	14.2%		13.5%	
<b>Central Europe</b>	<b>21.7</b>	<b>12.5</b>	<b>60.8</b>	<b>46.1</b>
Variation	73.6%		32.1%	
L-f-I variation	4.8%		7.1%	
<b>Iberia &amp; Latam</b>	<b>16.5</b>	<b>7.8</b>	<b>43.0</b>	<b>28.5</b>
Variation	113.1%		50.9%	
L-f-I variation	0.3%		10.3%	
<b>Rest of the world</b>	<b>12.2</b>	<b>12.6</b>	<b>43.2</b>	<b>40.7</b>
Variation	-2.8%		6.2%	
L-f-I variation	-2.6%		11.2%	
<b>Corporate &amp; other</b>	<b>(0.9)</b>	<b>0.6</b>	<b>(3.1)</b>	<b>0.7</b>
<b>Divestments</b>	<b>4.0</b>	<b>6.9</b>	<b>23.8</b>	<b>21.1</b>
<b>Total</b>	<b>190.7</b>	<b>149.7</b>	<b>652.4</b>	<b>512.7</b>
Variation	27.4%		27.2%	
L-f-I variation	12.8%		17.7%	
Currency impact	-0.1%		-0.6%	
Perimeter impact	14.6%		10.2%	



# Growth driven by SMACS

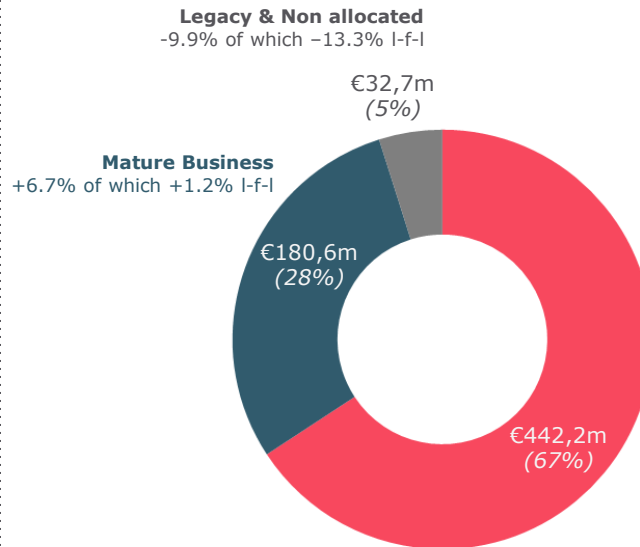
Q4 2018\*



**+44.6%** SMACS YoY Growth

**+26.2%** I-f-I Growth

FY 2018\*



**+44.3%** SMACS YoY Growth

**+31.7%** I-f-I Growth

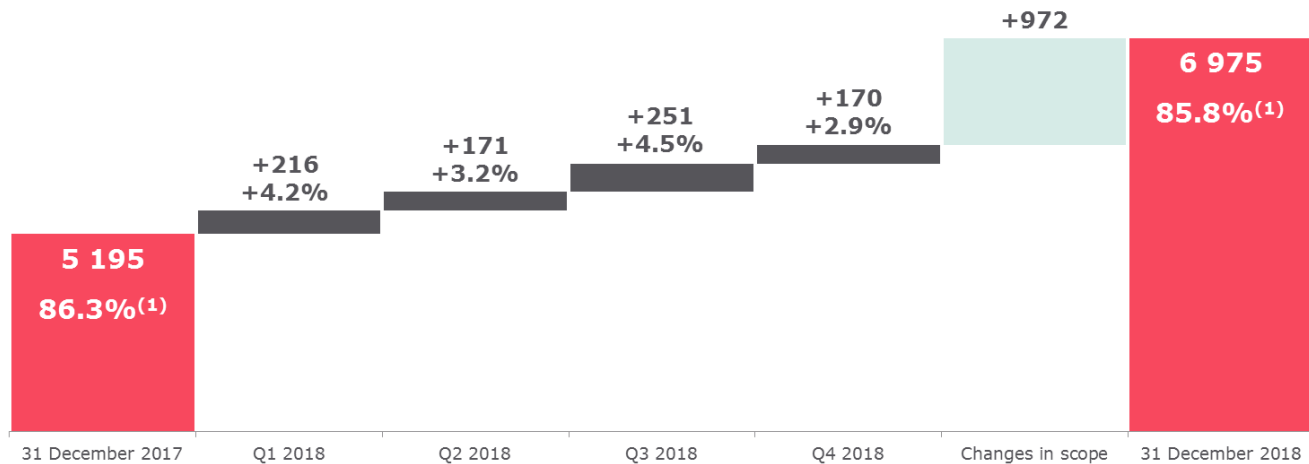
■ SMACS ■ Mature ■ Legacy

8 \*: Group Contribution excluding 'Corporate & Other' region, based on the most required skill of each project declared by the sales team, not audited. Past revenue restated from previous months due to skill reclassification.



# Talent acquisition

## Headcount and billable ratio<sup>(1)</sup>



### Acquisition Q4 2018

Jayway +226p

### Acquisitions Q3 2018

Bold +627p

Alegri +224p

New Bic +43p

Paradigmo +13p

### Acquisition Q1 2018

Altius +14p

### Divestment Q3 2018

Shift -71p

### Divestment 31/12/18

Siticom GmbH -104p

Attrition rate of billable employees

30.9% in Q4 2018  
vs. 26.7% in Q3 2018

## Utilization rate of internal resources<sup>(2)</sup>

Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018*	Q4 2018	2018
83.2%	84.3%	85.4%	85.3%	84.6%	85.6%	84.4%	84.2%	82.7%	84.2%

\*84.1% in the Q3 2018 press release, 84.2% corrected of an error in the number of holidays.

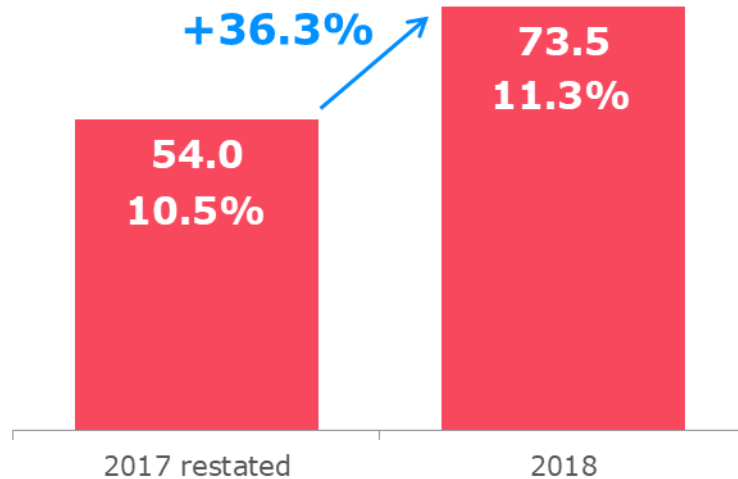
<sup>(1)</sup>Billable ratio = productive headcount / total headcount

<sup>(2)</sup>Number of working days of billable employees that were billed to a client compared to the total number of available days excluding holidays

## FY 2018 operating margin

### Operating Margin

in millions of euros and % of Revenue



## From 10.5% to 11.3% operating margin

- Higher prices
- Managed salary inflation

## Operating margin by Region

In millions of euros	2018	2017 restated
<b>France</b>		
Group contribution	319.4	246.1
Operating margin	50.1	34.5
In % of Group contribution	15.7%	14.0%
<b>Northern Europe &amp; Benelux</b>		
Group contribution	165.4	129.6
Operating margin	13.8	9.8
In % of Group contribution	8.4%	7.6%
<b>Central Europe</b>		
Group contribution	60.8	46.1
Operating margin	6.8	5.7
In % of Group contribution	11.2%	12.3%
<b>Iberia &amp; Latam</b>		
Group contribution	43.0	28.5
Operating margin	4.1	1.6
In % of Group contribution	9.5%	5.6%
<b>Rest of the world</b>		
Group contribution	43.2	40.7
Operating margin	4.2	4.0
In % of Group contribution	9.8%	9.8%

In millions of euros	2018	2017 restated
<b>Corporate &amp; other</b>		
Group contribution	(3.1)	0.7
Operating margin	(7.2)	(2.7)
<b>Divestments</b>		
Group contribution	23.8	21.1
Operating margin	1.8	1.1
In % of Group contribution	7.4%	5.4%
<b>Total</b>		
Group contribution	652.4	512.7
Operating margin	73.5	54.0
In % of Group contribution	11.3%	10.5%

# Profit & loss statement

	2018	2017 restated <sup>(1)</sup>	YoY var.	2017 presented	YoY var.
	MC	MC	%	MC	%
<b><u>Continuing operations</u></b>					
Revenue	652,4	512,7	27,2%	540,4	20,7%
Operating Margin	73,5	54,0	36,3%	54,0	36,3%
Cost of share based payment & Impact of acquisitions (amortization of intangibles)	(3,0)	(2,5)		(2,5)	
<b>Current Operating Profit</b>	<b>70,5</b>	<b>51,5</b>	<b>37,0%</b>	<b>51,5</b>	<b>37,0%</b>
Non current restructuring costs	(1,6)	(3,1)		(3,1)	
<b>Operating Profit before M&amp;A and other non current</b>	<b>68,9</b>	<b>48,4</b>	<b>42,5%</b>	<b>48,4</b>	<b>42,5%</b>
M&A and other non current costs	2,0	(2,5)		(2,5)	
Impairment, Badwill	(6,4)	(2,0)		(2,0)	
<b>Operating Profit</b>	<b>64,5</b>	<b>43,9</b>	<b>46,9%</b>	<b>43,9</b>	<b>46,9%</b>
Financial result	(2,5)	(2,3)		(2,3)	
Share of profit from associates	1,1	0,1		0,1	
<b>Profit Before Tax</b>	<b>63,1</b>	<b>41,7</b>	<b>51,2%</b>	<b>41,7</b>	<b>51,2%</b>
Income tax	(18,9)	(15,0)		(15,0)	
<b><u>Discontinued operation</u></b>					
Profit (loss) from discontinued operation, net of tax	-	2,5		2,5	
<b>Profit After Tax</b>	<b>44,2</b>	<b>29,3</b>	<b>51,0%</b>	<b>29,3</b>	<b>51,0%</b>
<b>Profit attributable to the Owners of the company</b>	<b>38,1</b>	<b>25,0</b>	<b>52,3%</b>	<b>25,0</b>	<b>52,3%</b>
<b>Basic earnings per share (euro)</b>	<b>4,75</b>	<b>3,15</b>		<b>3,15</b>	
<b>Diluted earnings per share (euro)<sup>(2)</sup></b>	<b>4,64</b>	<b>3,06</b>		<b>3,15</b>	

<sup>(1)</sup>Restated IFRS 15

<sup>(2)</sup>Restated with dilutive option plans

## Non current restructuring costs -€1.6m

Mainly linked with restructuring in France and Belgium

## Other non current costs -€4.4m

Impairments of goodwill -€6.4m (mainly UK and Germany)

Gain on disposal of Shift by S'team +€7.6m

Other -€5.6m (mainly acquisition costs and litigations)

## Income tax

Effective tax rate (ETR) at 29.9% vs. 36.0% in 2017. Restated of non taxable elements (goodwill, non deductible costs...), ETR will be 30.4% vs. 33.0% in 2017 mainly driven by decrease in tax rates in France and Belgium

# Cash flow statement<sup>(1)</sup> - Analytical view

In millions of euros	2018	2017
Ebitda <sup>(2)</sup>	69.9	53.3
Change in Working Capital	(9.6)	(5.5)
Tax paid	(13.0)	(13.6)
<b>Operating cash flow</b>	<b>47.3</b>	<b>34.2</b>
<b>Investment cash flow</b>	<b>(45.6)</b>	<b>(37.5)</b>
<b>Financing cash flow</b>	<b>(9.2)</b>	<b>(5.2)</b>
Net change in cash	(7.5)	(8.5)
<b>Opening <u>Net</u> cash position</b>	<b>47.5</b>	<b>59.5</b>
FX	0.2	(1.6)
Non current assets held for sale	0.1	(1.8)
Net change in cash	(7.5)	(8.5)
<b>End <u>Net</u> cash position</b>	<b>40.3</b>	<b>47.5</b>

In millions of euros	31.12.2018	31.12.2017
<b>Off balance sheet factoring net position</b>	<b>17.2</b>	<b>13.8</b>

## Operating cash flow

Change in working capital -€9.6m mainly due to seasonality and growth effect (+27% YoY) & DSO decrease (58 days vs. 61 days in December 2017)

Tax paid stable at -€13.0m vs. -€13.6m

## Investment cash flow

Acquisition tangible/intangible assets for -€6.0m

Acquisition of subsidiaries net of cash acquired for -€47.2m (mainly Alegri, New BIC, Jayway and Bold)

Disposal of subsidiaries net of cash disposed for +€7.9m (mainly Between, Shift and Siticom GmbH)

## Financing cash flow

Acquisition/disposal of minority stakes for +€1.1m (mainly Axance and Drago)

New financial debts from acquisitions for -€2.4m (mainly Alegri and Progis)

Change in factoring position (net of deposit) for +€3.4m

Dividends paid for -€10.7m

Interest paid for -€1.7m

<sup>(1)</sup>Presents the variation of the cash position net of all financial debts

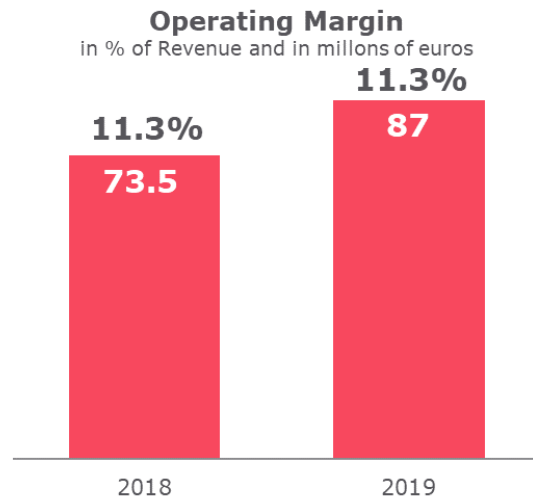
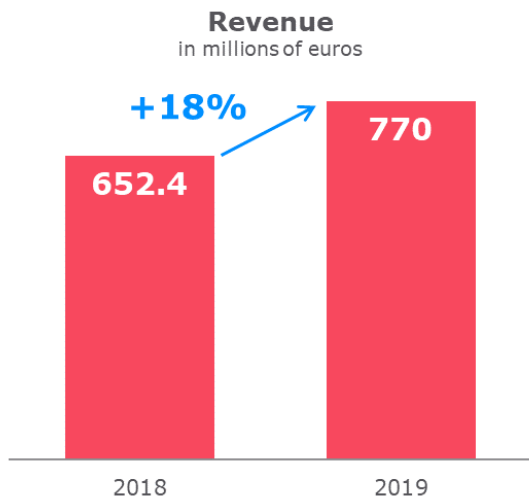
<sup>(2)</sup>Operating result before depreciations and amortizations

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**Prospects**

## 2019 guidance

Considering stable economic environment, exchange rates and accounting method



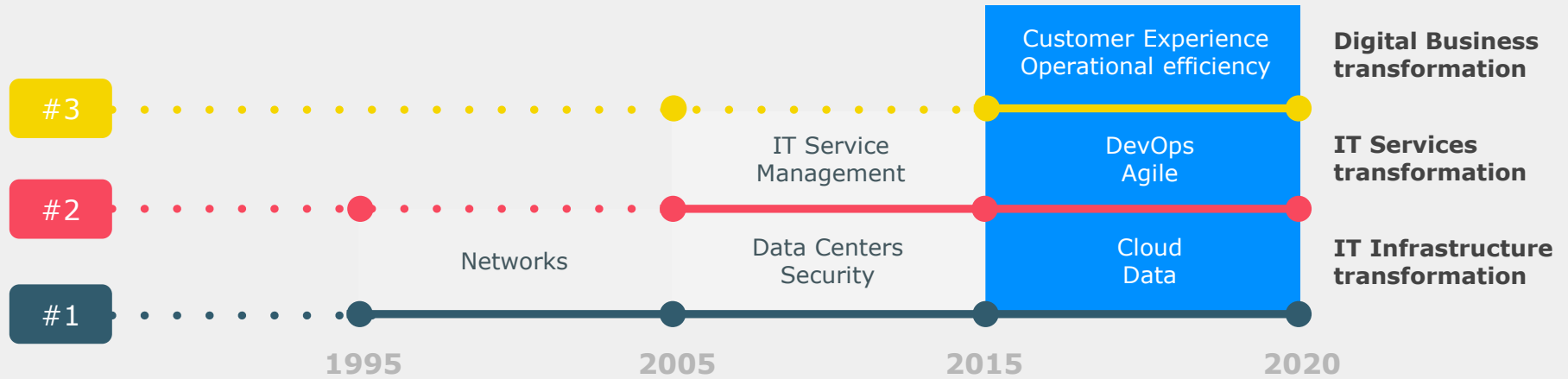
- **Organic growth above 12%**
- M&A impact: 5.8pt
  - Alegri: €22.2m in 8m 2019
  - Bold: €19.0m in 8m 2019
  - Jayway: €17.9m in 9m 2019
  - Other acquisitions: €2,7m
  - Divestments: -€23.8m (Shift & Siticom GmbH)
- **Operating margin steady at 11.3%**
- Restructuring costs expected around 0.5% of the revenue

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**Appendix**



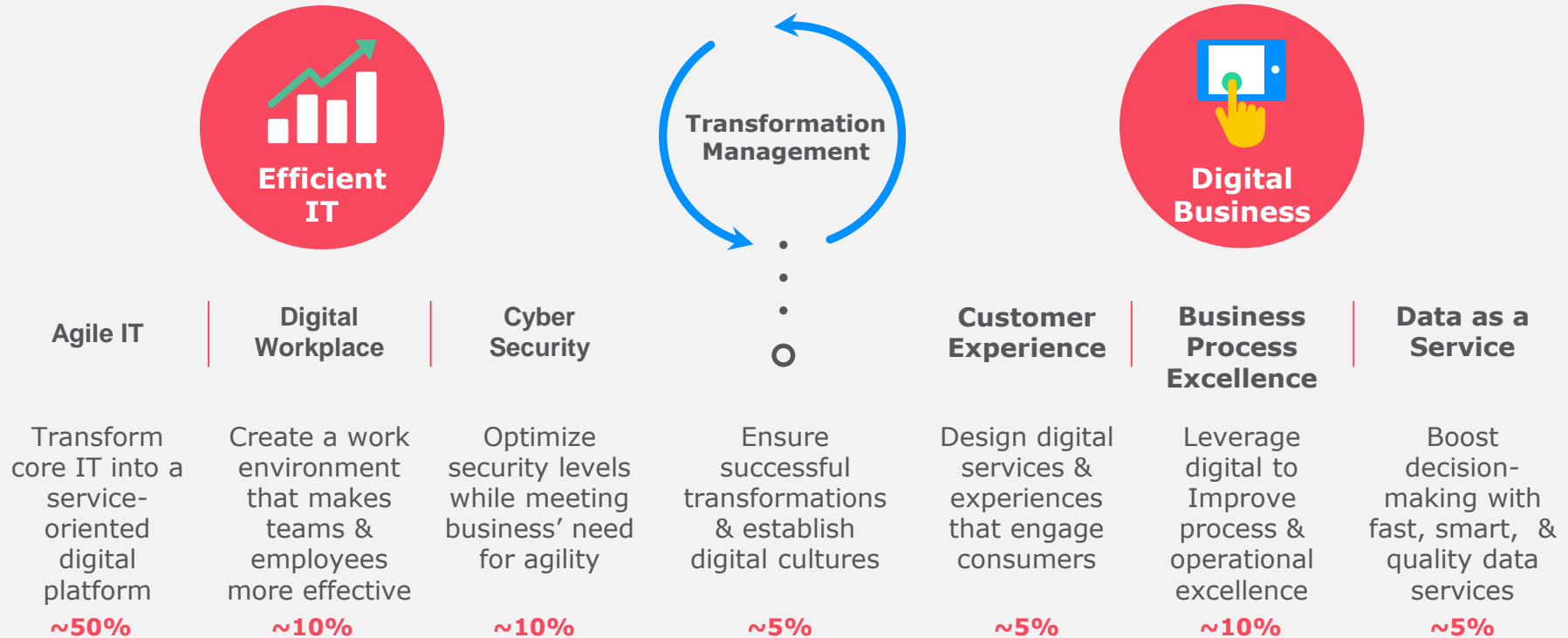
# Over the past 20 years we have chosen to be focused on **3 consecutive disruptive revolutions**



This has built our DNA as **Digital Transformakers** to help our customers win their digital battle



# We deliver Innovative Technology Consulting for Business, with a unique Transformation DNA



# We grow and innovate within a **vivid ecosystem of global and local partners**

Google

redhat.

servicenow



Strategic gold partners

Microsoft

salesforce

FORGEROCK

amazon  
web services

Qlik

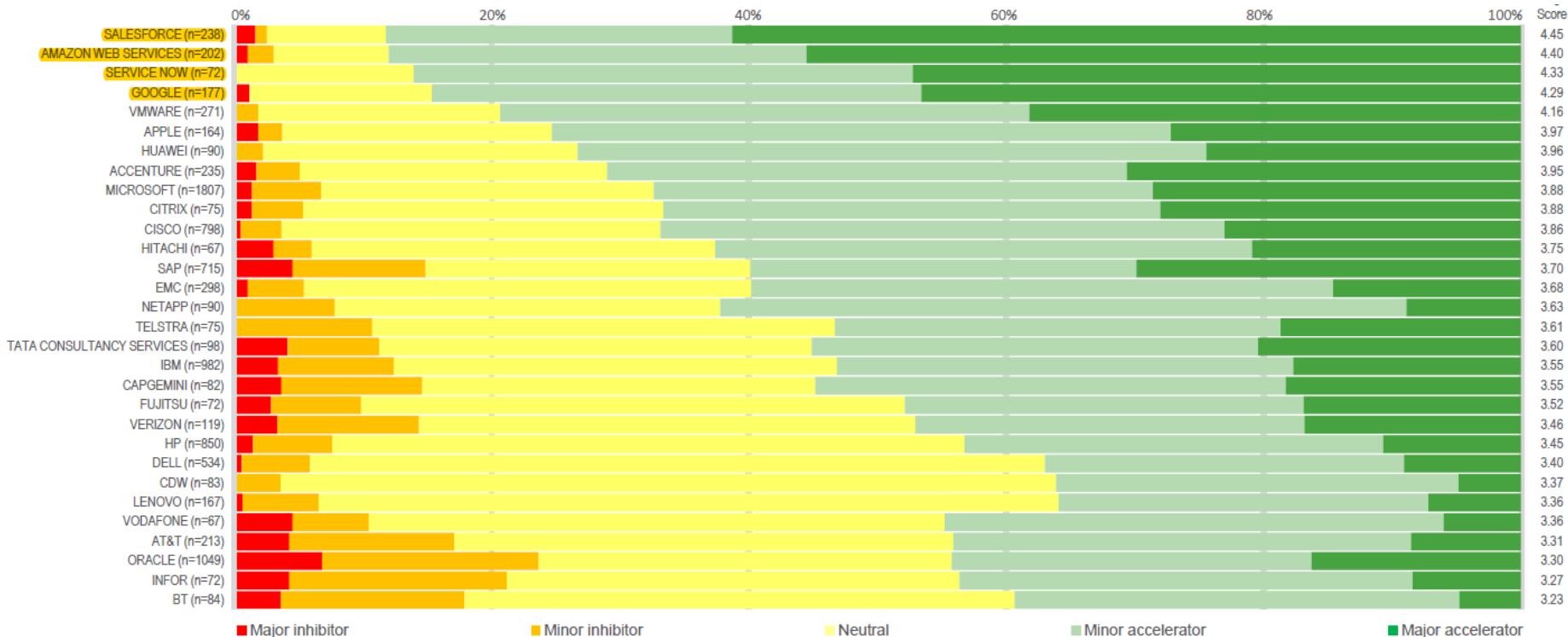
...



Silver partners

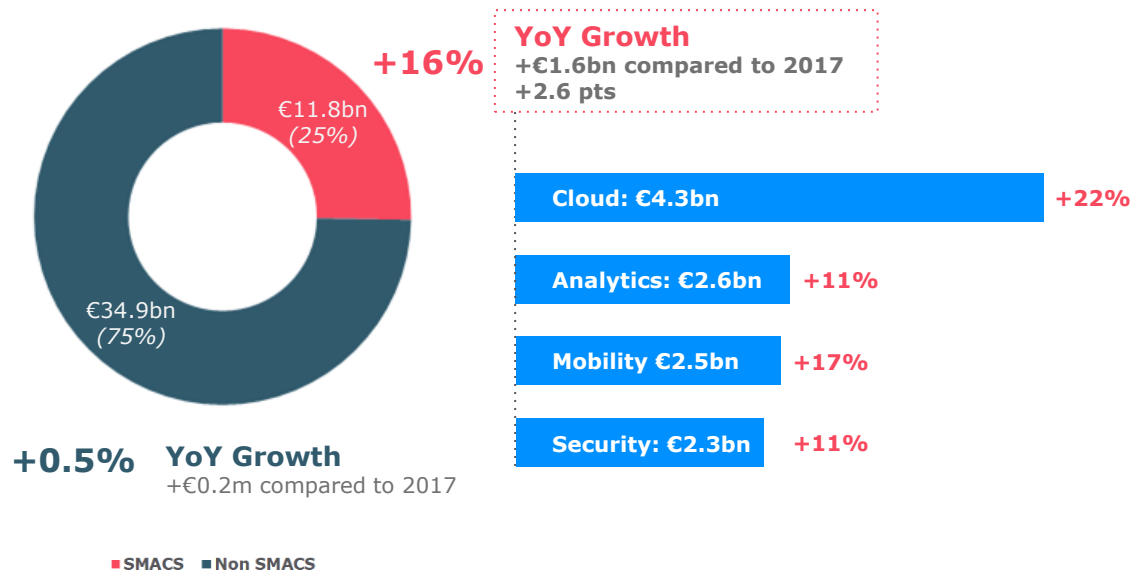
# Focus on partners that are “Digital Accelerators”

Our strategic partners are at the top of Gartner’s Digital Accelerators ranking



Source: Gartner (2016)

# SMACS activities should drive 90% of the IT market growth in 2018



Source: Syntec, 2018

# Clients and verticals Q4 2018

## Top 3

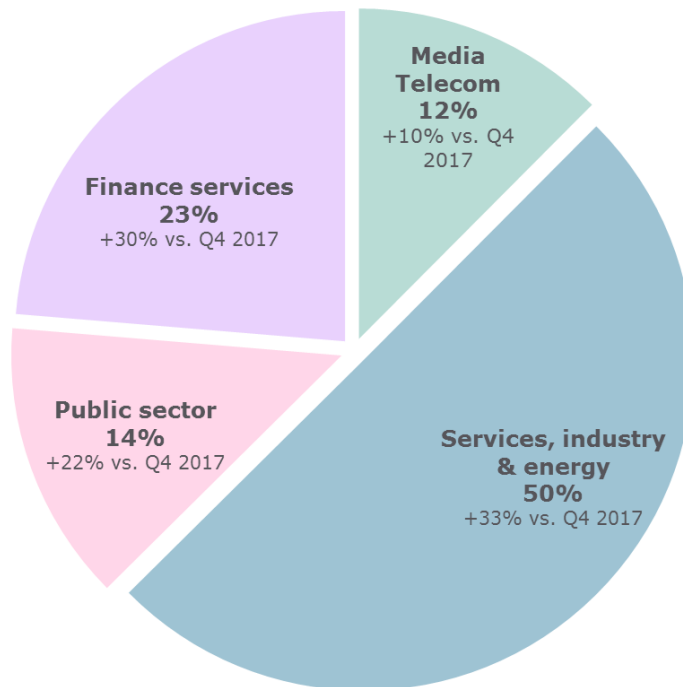
### 11% of the revenue

- BNP Paribas
- Société Générale
- ENGIE

## Next 7

### 17% of the revenue

- Major electricity provider
- Deutsche Telekom
- CA/CL
- SNCF
- Sanofi
- Airbus Group
- Carrefour



# Balance sheet

In Millions of €

<b>ASSETS</b>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>Variation</b>
Goodwill	129,9	91,8	38,1
Non current assets	30,1	22,7	7,4
Current assets	264,2	225,4	38,8
Net cash (1)	40,3	47,5	(7,2)
Non current assets held for sale (2)	-	6,9	(6,9)
<b>TOTAL ASSETS</b>	<b>464,4</b>	<b>394,2</b>	<b>70,2</b>
<b>LIABILITIES</b>	<b>31.12.2018</b>	<b>31.12.2017</b>	<b>Variation</b>
Group shareholders equity	175,6	150,8	24,8
Minority shareholders equity	12,0	11,2	0,8
Long term liabilities	23,4	14,5	8,9
Current liabilities	253,4	213,3	40,1
Non current liabilities held for sale (2)	-	4,5	(4,5)
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>464,4</b>	<b>394,2</b>	<b>70,2</b>

(1) Net cash represents cash position net of all financial debt

(2) Refers to IFRS 5 reclassification due to Shift & Dvt Morocco

# Shareholding structure

	12/31/2018			
	Nb of shares	% of capital	Nb of voting rights	% of voting rights
Executive Board <sup>(1)</sup>	1 792 607	21,5%	3 296 853	32,1%
Tabag <sup>(2)</sup>	418 402	5,0%	836 804	8,2%
Sycomore AM	231 130	2,8%	231 130	2,3%
Financière Arbevel	176 020	2,1%	176 020	1,7%
Owned Shares	274 259	2,7%	0	0,0%
Public	5 439 989	65,3%	5 669 691	55,5%
<b>Total</b>	<b>8 332 407</b>	<b>100,0%</b>	<b>10 210 498</b>	<b>100,0%</b>

(1) Stanislas and Godefroy de Bentzmann, together with their children

(2) Owned by Yves de Talhouët, linked with the Executive Board members by a tax treaty (so called "Loi Dutreil") since December 2008; according to this agreement, a global amount of 2,040 shall be kept during a minimum of 2 years."



# Glossary

**Restated:** restated in accordance with IFRS 15 related to revenue from contracts with customers. Impact currently being validated by Group Auditors

**France:** France

**Northern Europe & Benelux:** Belgium, Denmark, United Kingdom, Luxembourg, Netherlands including TMNS in Switzerland, Germany and Serbia, Norway and Sweden

**Central Europe:** Austria, Switzerland excluding TMNS, Czech Republic, Germany and Poland

**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:** Shift deconsolidated from 1 September 2018 and Siticom GmbH deconsolidated from 31 December 2018

**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 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

**SMACS:** Social Mobile Analytics Cloud Security

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

**Free cash flow:** operating cash flow reduced by the acquisition of tangible and intangible assets.

# Contacts

## Executive Board

Stanislas de Bentzmann,  
Co-CEO

stanislas.de.bentzmann@devoteam.com

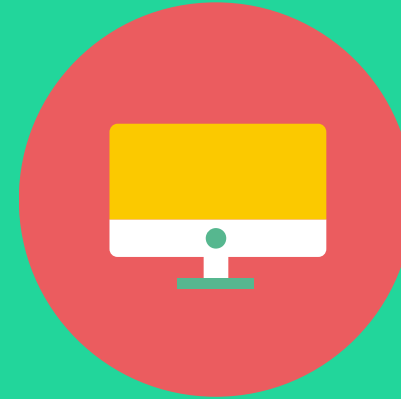
## Financial communication

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

Perrine Angibault,  
Group reporting & investor relations manager  
perrine.angibault@devoteam.com

## Press contact

Le Public Système  
Céline Da Silva,  
cdasilva@lepublicsysteme.fr  
+33 6 16 79 29 32



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