

Paris, 10 March 2020

Devoteam revenue reached €761.9 million in 2019, with an operating margin of €79 million at 10.4% of revenue

- Revenue growing at 16.8% in 2019, of which 10.4% organically
- Operating result at €73.4 million, a 13.8% improvement, and free cash flow progression of 28% at €52.7 million
- Rewarded "EMEA Elite Partner of the year" by ServiceNow

In millions of euros ⁽¹⁾	31.12.2019	31.12.2018	Variation	Organic variation ⁽²⁾
Revenue	761.9	652.4	+16.8%	+10.4%
Operating margin	79.0	73.5	+7.4%	
In % of the revenue	10.4%	11.3%	-0.9 pt	
Operating income	73.4	64.5	+13.8%	
In % of the revenue	9.6%	9.9%	-0.3 pt	
Net income - Group share	41.6	38.1	+9.0%	
Diluted earnings per share ⁽³⁾	€5.07	€4.64	+9.2%	
Net cash (debt) at closing⁽⁴⁾	48.0	40.3	+€7.7m	

⁽¹⁾The financial statements presented in this press release have been approved by the Supervisory Board on 9 March 2020 and are currently being certified by the Group Auditors.

⁽²⁾At comparable perimeter and exchange rates.

⁽³⁾Based on the weighted average number of shares for the year.

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

2019 consolidated financial statements are available on our website:
<https://www.devoteam.com/investors/financial-information/>



Business

Devoteam continues its development into Cloud platforms with its strategic partners:

Devoteam named “EMEA Elite Partner of the year” by ServiceNow

ServiceNow rewarded Devoteam as its best partner in the EMEA Elite category. This recognition is given to an Elite Partner who achieves overall excellence in certification and ServiceNow pipeline growth.

Two new Google Cloud specializations

The Group obtained two new Google Cloud specializations in the fourth quarter of 2019: **Work Transformation - Enterprise** and **Location Based Service**. Devoteam now counts seven Google Cloud specializations, strengthening its lead in Europe.

Launch of Devoteam M Cloud, a dedicated brand for Microsoft in France

Devoteam regroups its Microsoft teams under a single brand to consolidate its market presence around the most innovating activities (Microsoft Azure, Office 365, Azure Data Factory, Azure Analytics and Artificial Intelligence).

Kubernetes certification program

The Group is accelerating its investments in innovative cloud technologies with a certification program for 300 consultants on the Cloud Native Computing Foundation's (CNCF) Kubernetes, an open source container-orchestration system.

Other growth drivers

Ramping up in the field of Robotic Process Automation (RPA)

In a market where the convergence of Cloud, AI and Machine Learning facilitates the move from “Proof of Concept” to task automation, Devoteam is accelerating the specialization of its experts through certifications, with the objective of establishing a rapid coverage in Europe particularly with the UiPath platform.

Transition to a greener IT

Commitment to sustainable development is a top priority for management and CIOs of major companies, as a result Devoteam is developing a consulting offering centered around “Sustainable IT”. Through this new transformation support offer, Devoteam wishes to promote a new generation of Green IT centered on the cloud and responsible technology.



Results for the year 2019

The Group generated **revenues** of €761.9 million in 2019, growing 16.8% compared to 2018 and 10.4% at constant scope and exchange rates.

Changes in scope had a positive impact of 6.3 points of growth, for a net contribution of €40.8 million.

Revenues reached €206.5 million in the fourth quarter 2019, with organic growth of 9.2% compared to the fourth quarter 2018.

The lower number of working days had a 0.9 point negative impact on the Group's growth. Industrial actions in France in December also had a marginal effect, estimated at 1 point of growth for the quarter.

The **operating margin** stood at €79 million in 2019, equivalent to 10.4% of revenue. Action plans executed by the Group led to an improvement in utilization rate to 84.5% during the fourth quarter, increasing the operating margin.

Over the year, changes in scope reduced the operating margin by 0.9 point.

The **operating result** amounted to €73.4 million, increasing 13.8% compared to last year. It included restructuring costs of €3.8 million, mainly in Germany and in France.

The **financial result** landed at -€3.4 million. It included €1 million interest expenses, €0.6 million related to the first-time adoption of IFRS 16, and €0.7 million of short-term financing costs (confirmed lines of credit and factoring).

Tax expenses amounted to €23 million, representing 32.6% of profit before tax. The effective tax rate has increased slightly compared to last year, mostly due to the fiscal reform of the tax credit for employment and competitiveness in France ("CICE").

The **Group share of net income** increased by 9% to reach €41.6 million.

On 31 December 2019, the **net cash** position of the Group stood at €48 million, compared to €40.3 million in 2018. Annual free cash flow amounted to €52.7 million, a 28% rise compared to 2018, offsetting a net outflow of €27.6 million for acquisitions and disposals and dividend payments of €11.7 million.



Headcount and utilization rate

On 31 December 2019, the Group employed 7 562 people. Excluding changes in scope, there were 123 net hirings over the fourth quarter and 554 over the year.

The ratio of billable headcount to total headcount stood at 85.9% on 31 December 2019, up 0.5 point compared to 30 September 2019.

In the fourth quarter of 2019, the Group recorded a utilization rate of internal resources of 84.5%, a progression of 0.5 point compared to the third quarter of 2019.

Lastly, the attrition rate decreased from 30% in the third quarter of 2019 to 26.8% in the fourth quarter.

2020 outlook

The Group has not identified significant changes thus far in the business activities compared to the fourth quarter of 2019.

However, the uncertainty around the macroeconomic environment following the COVID-19 outbreak does not enable the Group to release a 2020 guidance at this stage. The full year guidance will be released once the economic environment presents a clearer visibility.

Dividend and financial calendar

A €1 dividend per share related to 2019 will be proposed at the next Shareholders' meeting on 5 June 2020.

Press release after market closed			Shareholders' meeting	Dividend payment
Q1 2020	Q2 2020	Q3 2020		
19 May 2020	8 September 2020	10 November 2020	5 June 2020	3 July 2020



Appendix

Pro forma information of revenue and operating margin

Precise Lda and EHC Lda have been sold and deconsolidated from 1 November 2019. The entities have been reclassified from the Iberia & Latam region to the Divestments region.

In millions of euros	Q3 2019 restated	Q3 2019 presented*	Q4 2019 restated	Q4 2019 presented*	9m 2018 restated	9m 2018 presented*	2018 restated	2018 presented*
Iberia & Latam								
Group contribution	10.4	10.5	16.4	16.5	26.4	26.4	42.8	42.9
Operating margin							4.1	4.2
In % of Group contribution							9.7%	9.8%
Divestments								
Group contribution	7.5	7.4	4.4	4.3	20.7	20.7	25.1	25.0
Operating margin							1.7	1.6
In % of Group contribution							6.7%	6.6%

In millions of euros	Q1 2019 restated	Q1 2019 presented*	Q2 2019 restated	Q2 2019 presented*	Q3 2019 restated	Q3 2019 presented*
Iberia & Latam						
Group contribution	16.3	16.4	16.4	16.8	16.6	16.9
Divestments						
Group contribution	0.5	0.4	0.8	0.4	0.3	-

In millions of euros	H1 2019 restated	H1 2019 presented*	9m 2019 restated	9m 2019 presented*
Iberia & Latam				
Group contribution	32.7	33.3	49.3	50.2
Operating margin	2.8	3.0		
In % of Group contribution	8.5%	9.0%		
Divestments				
Group contribution	1.3	0.7	1.6	0.7
Operating margin	(0.1)	(0.3)		
In % of Group contribution	-6.5%	-39.5%		

*Region Central Europe presented in September 2019 for Q3, Q4, 9m and full year 2018 and for Q1, Q2 and H1 2019; in November 2019 for Q3 and 9m 2019. Region Divestments presented in November 2019.



Quarterly revenue by region

In millions of euros	Q4 2019	Q4 2018	2019	2018
France	93.5	87.0	352.0	319.4
Variation	7.4%		10.2%	
L-f-l variation	7.4%		10.2%	
Northern Europe & Benelux	57.3	49.5	204.7	163.2
Variation	15.8%		25.4%	
L-f-l variation	13.0%		12.3%	
Central Europe	20.8	22.0	81.6	61.9
Variation	-5.8%		31.9%	
L-f-l variation	-6.0%		0.4%	
Iberia & Latam	19.7	16.4	69.0	42.8
Variation	20.0%		61.4%	
L-f-l variation	16.3%		8.8%	
Rest of the world	16.4	12.2	56.8	43.2
Variation	34.0%		31.6%	
L-f-l variation	30.0%		27.5%	
Corporate & other	(1.3)	(0.9)	(4.0)	(3.1)
Divestments	0.1	4.4	1.7	25.1
Total	206.5	190.7	761.9	652.4
Variation	8.3%		16.8%	
L-f-l variation	9.2%		10.4%	
Currency impact	-0.1%		0.1%	
Perimeter impact	-0.9%		6.3%	

Of which impact of significant acquisitions:

In millions of euros	Q4 2019	Q4 2018	2019	2018
Northern Europe & Benelux	2.1		22.7	
Paradigmo, consolidated as of 1 July 2018			0.8	
Jayway, consolidated as of 1 October 2018			17.2	
Avalon Solutions, consolidated as of 1 April 2019	2.1		4.6	
Central Europe			19.4	
Alegri, consolidated as of 1 September 2018			19.4	
Iberia & Latam			21.6	
New BIC, consolidated as of 1 July 2018			1.9	
Bold, consolidated as of 1 September 2018			19.7	



Revenue and operating margin by region

In millions of euros	2019	2018
France		
Group contribution	352.0	319.4
Operating margin	46.2	50.1
In % of Group contribution	13.1%	15.7%
Northern Europe & Benelux		
Group contribution	204.7	163.2
Operating margin	16.9	13.9
In % of Group contribution	8.3%	8.5%
Central Europe		
Group contribution	81.6	61.9
Operating margin	4.5	6.8
In % of Group contribution	5.5%	11.0%
Iberia & Latam		
Group contribution	69.0	42.8
Operating margin	6.5	4.1
In % of Group contribution	9.5%	9.7%
Rest of the world		
Group contribution	56.8	43.2
Operating margin	7.1	4.2
In % of Group contribution	12.5%	9.8%
Corporate & other		
Group contribution	(4.0)	(3.1)
Operating margin	(2.5)	(7.2)
Divestments		
Group contribution	1.7	25.1
Operating margin	0.2	1.7
In % of Group contribution	11.8%	6.7%
Total		
Group contribution	761.9	652.4
Operating margin	79.0	73.5
In % of Group contribution	10.4%	11.3%



Utilization rate of internal resources

Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019
85.6%	84.4%	84.2%	82.7%	84.2%	82.3%	83.1%	84.0%	84.5%	83.5%

Balance sheet

In millions of euros	31.12.2019	01.01.2019 ⁽¹⁾	31.12.2018
Assets			
Goodwill	136.6	129.9	129.9
Non-current assets	78.7	71.8	30.1
Current assets	287.6	264.2	264.2
Net cash (debt) ⁽²⁾	48.0	40.3	40.3
Total assets	550.8	506.1	464.4
Liabilities			
Group shareholders' equity	196.3	175.6	175.6
Minority shareholders' equity	15.1	12.0	12.0
Long term liabilities	58.1	54.3	23.4
Current liabilities	281.4	264.2	253.4
Total equity & liabilities	550.8	506.1	464.4

⁽¹⁾Restated of IFRS 16.

⁽²⁾Cash position net of all financial debts, excluding debts related to operating leases under IFRS 16 "leases".



Net debt

In millions of euros	31.12.2019	31.12.2018
Short-term investments	0.1	0.2
Cash at bank ⁽²⁾	81.5	75.3
Bank overdrafts (liability)	(0.1)	(0.8)
Cash and cash equivalents	81.6	74.6
Cash management assets	-	0.4
Bonds	(29.9)	(29.9)
Obligations under finance leases	-	(0.1)
Draw-downs on bank and similar facilities and other borrowings	(1.9)	(3.4)
Long-term borrowings	(31.8)	(33.4)
Bonds	(0.4)	(0.4)
Obligations under finance leases	(0.0)	(0.0)
Draw-downs on bank and similar facilities and other borrowings	(1.3)	(0.9)
Short-term borrowings	(1.8)	(1.3)
Total borrowings	(33.6)	(34.7)
Derivative instruments	-	-
Net cash (debt)⁽¹⁾	48.0	40.3
Of which cash from discontinued operations	-	-
Total Equity	211.4	187.6
Debt to Equity Ratio	-22.7%	-21.5%

⁽¹⁾Excluding debts related to operating leases under IFRS 16 "leases".

*Including factoring position (net of deposit) for €11.5 million on 31 December 2019 and €16.9 million on 31 December 2018 (amount corrected compared to the 2018 publication at €17.2 million).



Changes in exchange rates

For €1	Average rate 2019	Average rate 2018	Variation
UAE dirham	4.111	4.337	5.5%
Swiss franc	1.112	1.155	3.8%
Czech koruna	25.671	25.647	-0.1%
Danish krone	7.466	7.453	-0.2%
Pound sterling	0.878	0.885	0.8%
Moroccan dirham	10.762	11.084	3.0%
Mexican peso	21.557	22.705	5.3%
Norwegian krone	9.851	9.598	-2.6%
Zloty	4.298	4.262	-0.8%
Serbian dinar	117.823	118.253	0.4%
Swedish kronor	10.589	10.258	-3.1%
Singapore dollar	1.527	1.593	4.3%
Tunisian dinar	3.274	3.105	-5.2%
Turkish lira	6.358	5.708	-10.2%
US dollar	1.120	1.181	5.5%

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 2018, the region includes Shift deconsolidated from 1 September 2018 and Siticom GmbH deconsolidated from 31 December 2018. 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.

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 I-f-I 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. For comparability purposes, from 1 January 2019, the operating



cash flow is restated of IFRS 16 “leases” to maintain the lease payments in operating cash flow.



ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

As a pure player for Digital Transformation of leading organisations across EMEA, our 7,600 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.

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