

H1 2018 results

Analyst presentation

05 September 2018



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).

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Key figures & facts

Key facts and figures H1 2018



Growth H1 2018

- €306.5m revenue
- +25.7% total growth, of which +18.4% organically
- Acceleration of growth in Q2 2018 at 20.7% organically

Note: IFRS 15 impact has been revised following further analysis with Group auditors



Scale! 2020 Deployment

Acquisition of Bold in Portugal

- €20m revenue in 2017
- 630 employees
- Reinforcing SMACS expertise in Application Development, DevOps and Cloud Transformation

Devoteam recognized as the Google Cloud EMEA Services Partner of The Year



2018 guidance increase

Increase of organic growth from 12.5% to 15%

Increase of operating margin from 10.5% to >11% (including +50 bp impact of IFRS 15)

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Financial results

H1 2018 revenue



+25.7% yoy growth of revenue

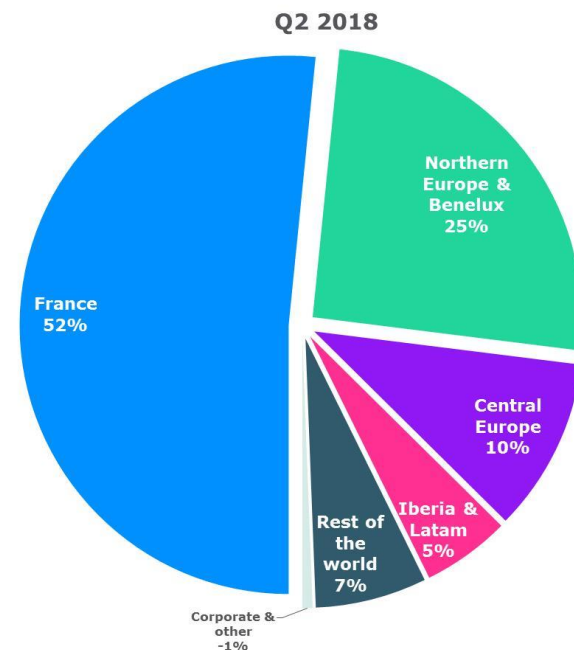
- M&A impact: +8.5%
- FX impact: -1.1%

+18.4% like-for-like variation

despite lower number of working days (-0.6%)

Revenue analysis by Region

In millions of euros	Q1 2018	Q1 2017 restated	Q2 2018	Q2 2017 restated	H1 2018	H1 2017 restated
France	80.2	63.4	79.8	60.0	160.0	123.3
Variation	26.6%		33.1%		29.8%	
L-f-I variation	19.7%		26.1%		22.8%	
Northern Europe & Benelux	39.8	31.6	39.3	28.6	79.0	60.3
Variation	25.7%		37.2%		31.2%	
L-f-I variation	8.9%		17.1%		12.7%	
Central Europe	16.8	13.7	16.1	14.1	32.9	27.8
Variation	22.9%		14.4%		18.6%	
L-f-I variation	22.2%		14.1%		18.1%	
Iberia & Latam	7.8	6.9	8.2	7.0	15.9	13.9
Variation	12.7%		16.2%		14.5%	
L-f-I variation	13.5%		17.8%		15.7%	
Rest of the world	9.8	9.1	10.4	9.6	20.2	18.7
Variation	8.2%		7.7%		7.9%	
L-f-I variation	21.3%		15.3%		18.2%	
Corporate & other	(0.7)	0.1	(0.9)	(0.2)	(1.7)	(0.1)
Total	153.7	124.7	152.8	119.1	306.5	243.8
Variation	23.2%		28.3%		25.7%	
L-f-I variation	16.3%		20.5%		18.4%	

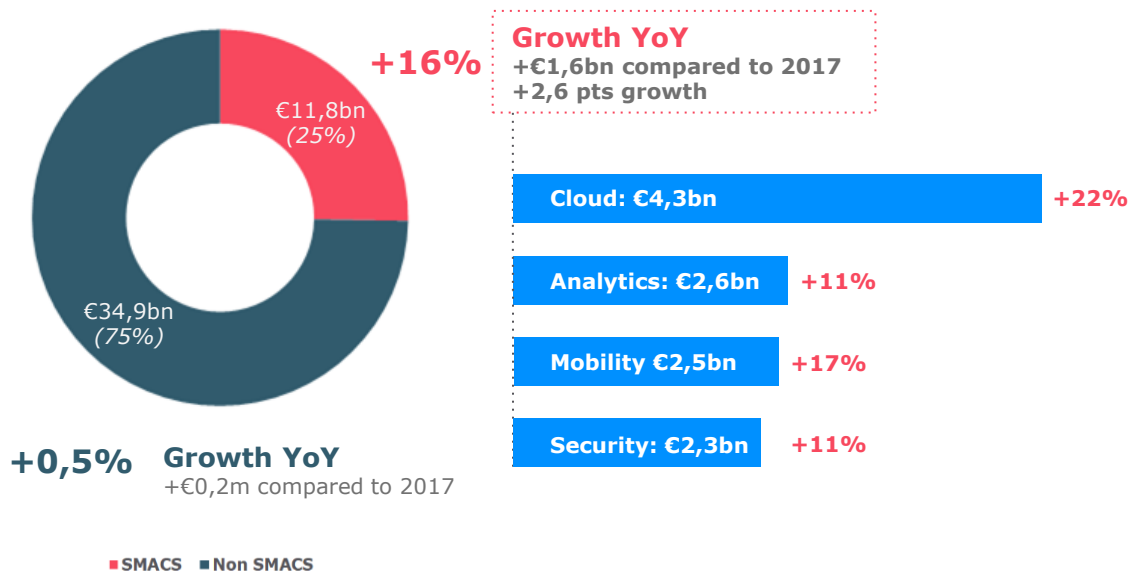


Of which impact of significant acquisitions:

In millions of euros	Q1 2018	Q1 2017	Q2 2018	Q2 2017	H1 2018	H1 2017
France	4.4		4.2		8.6	
D2SI, consolidated as of 1 October 2017	3.8		3.6		7.4	
Progis, fully consolidated as of 1 January 2018	0.4		0.4		0.8	
Altius Services, consolidated as of 1 February 2018	0.2		0.2		0.4	
Northern Europe & Benelux	6.0		6.0		11.9	
TMNS, consolidated as of 1 July 2017 (estimate)	6.0		6.0		11.9	

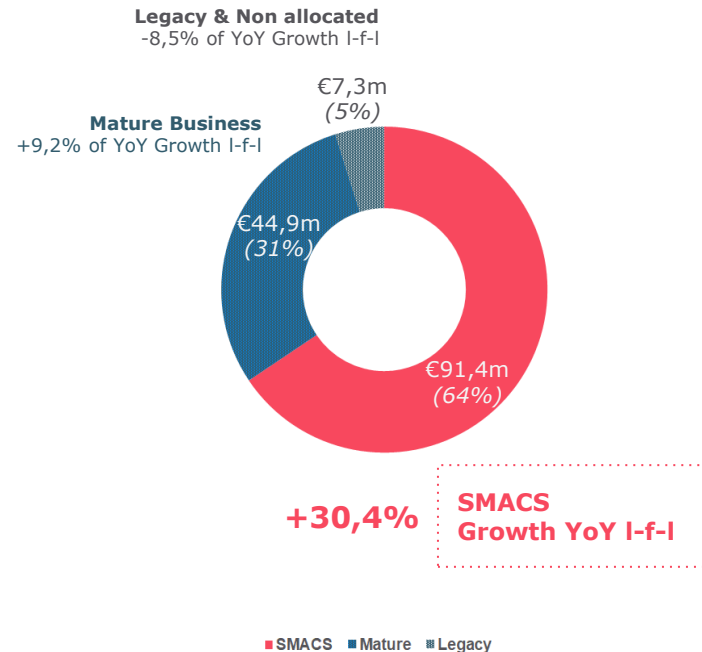
Growth driven by SMACS

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



*Source: Syntec, 2018

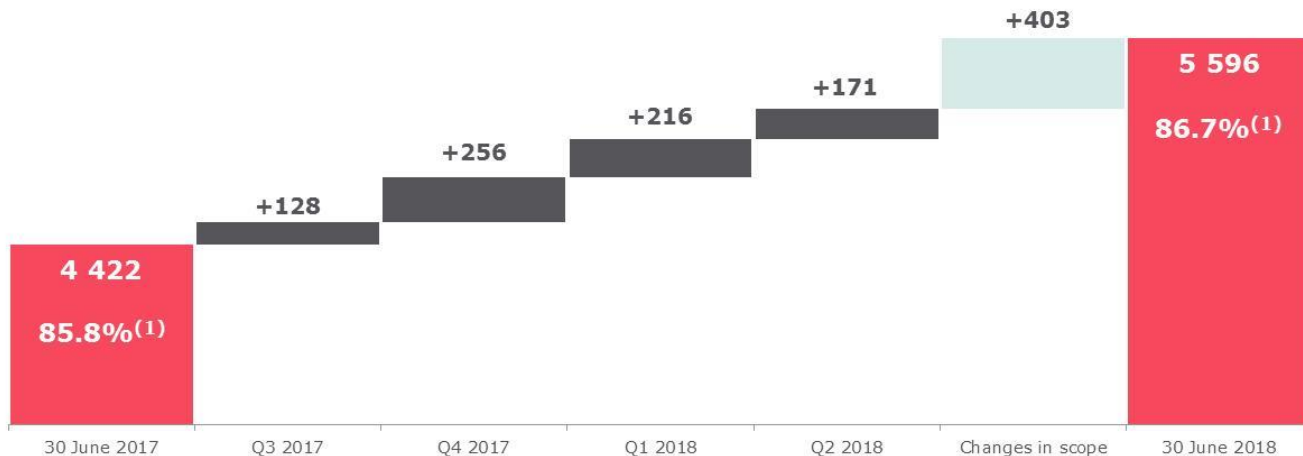
Devoteam SMACS positioning – Q2 2018 (IFRS 15)**



** Based on the most required skill of each project declared by the sales team, not audited

Resources analysis

Headcount and billable ratio⁽¹⁾



Acquisition Q1 2018
 Altius +12p
Acquisition Q4 2017
 D2SI +134p
Acquisition Q3 2017
 TMNS +202p
Insourcing & other 2017
 +53p Middle East

M&A impact Q3 2018
 Alegri circa +240p
 Bold circa +630p
 Paradigmo circa +12p
 New Bic circa +45p
 Shift circa -64p

Attrition rate of billable employees
 28.1% in Q2 2018 vs.
 28.0% Q1 2018

Utilization rate of internal resources⁽²⁾ excl. divested entities

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

⁽¹⁾Billable ratio = productive headcount / total headcount

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

H1 2018 operating margin

Operating Margin

in millions of euros and % of Revenue



From 10.4% to 11.1% operating margin

- Lower number of days
- Price and utilisation rate increase
- Salary inflation

Operating margin analysis by Region

In millions of euros	H1 2018	H1 2017 restated
France		
Group contribution	160.0	123.3
Operating margin	23.8	17.0
In % of Group contribution	14.9%	13.8%
Northern Europe & Benelux		
Group contribution	79.0	60.3
Operating margin	6.7	4.6
In % of Group contribution	8.5%	7.6%
Central Europe		
Group contribution	32.9	27.8
Operating margin	3.2	2.4
In % of Group contribution	9.6%	8.5%
Iberia & Latam		
Group contribution	15.9	13.9
Operating margin	1.3	0.6
In % of Group contribution	8.1%	4.4%
Rest of the world		
Group contribution	20.2	18.7
Operating margin	1.9	1.6
In % of Group contribution	9.4%	8.5%

In millions of euros	H1 2018	H1 2017 restated
Corporate & other		
Group contribution	(1.7)	(0.1)
Operating margin	(2.9)	(0.7)
Total		
Group contribution	306.5	243.8
Operating margin	34.0	25.4
In % of Group contribution	11.1%	10.4%

Profit & loss statement

	HY 2018	HY 2017 RESTATED	YoY var.	HY 2017 PRESENTED	YoY var.
	M€	M€	%	M€	%
<u>Continuing operations</u>					
Revenue	306,5	243,8	25,7%	256,5	19,5%
Operating Margin	34,0	25,4	33,6%	25,4	33,6%
Cost of share based payment & Impact of acquisitions (amortization of intangibles)	(1,7)	(1,1)		(1,1)	
Current Operating Profit	32,3	24,3	32,7%	24,3	32,7%
Non current restructuring costs	(0,6)	(1,4)		(1,4)	
Operating Profit before M&A and other non current	31,7	22,9	38,5%	22,9	38,5%
M&A and other non current costs Impairment, Badwill	(2,9) -	(0,2) (1,0)		(0,2) (1,0)	
Operating Profit	28,8	21,7	32,6%	21,7	32,6%
Financial result	(1,3)	(0,9)		(0,9)	
Share of profit from associates	0,4	0,1		0,1	
Profit Before Tax	27,9	20,9	33,5%	20,9	33,4%
Income tax	(8,4)	(7,8)		(7,8)	
<u>Discontinued operation</u>					
Profit (loss) from discontinued operation, net of tax	-	0,5		0,5	
Profit After Tax	19,4	13,6	42,6%	13,6	42,5%
Profit attributable to the Owners of the company	16,8	11,9	41,0%	11,9	41,0%
Basic earnings per share (euro)	2,10	1,51		1,51	
Diluted earnings per share (euro)	2,04	1,47		1,47	

Non current restructuring costs decrease

Mainly linked with restructuring in France and Spain

Other non current costs

Litigation related to the put option & other risks in Poland +€1.9m
Other provision +€0.5m

Financial result

Mainly driven by exchange loss in H1 -€0.4m vs. profit in Q1 2017 +€0.1m
Other finance costs are stable (bond+factor)

Income tax

Effective tax rate (ETR) at 30.3% vs. 37.3% in 2017. Normalized tax rate would be 31.4% (vs. 33.8% in 2017)

Cash flow statement – analytical view

In Millions of €	H1 2018	H1 2017	FY 2017
Ebitda ⁽²⁾	33,0	25,4	53,3
Change in Working Capital	(30,5)	(20,9)	(5,5)
Tax paid	(7,0)	(7,8)	(13,6)
Operating cash flow	(4,4)	(3,3)	34,2
Investment cash flow	(1,2)	(2,7)	(37,5)
Financing cash flow	(5,7)	6,3	(5,2)
Net change in cash	(11,3)	0,2	(8,5)
Opening <u>Net</u> cash position	47,5	59,5	59,5
FX	0,2	(0,9)	(1,6)
Non current assets held for sale	0,3	(9,8)	(1,8)
Net change in cash	(11,3)	0,2	(8,5)
End <u>Net</u> cash position	36,7	49,0	47,5

(1) Restated cash flow statement : presents the variation of the NET cash position (cash position net of all financial debts)

In Millions of €	H1 2018	H1 2017	FY 2017
Off balance sheet factoring net position	17,1	14,3	13,8

Operating cash flow

Change in working capital -€30.5m mainly due to seasonality and growth effect (+26% YoY) & DSO increase (73 days vs. 64 days in June 2017)

Investment cash flow

Acquisition tangible/intangible assets for -€2.9m

Acquisition of subsidiaries net of cash acquired for -€0.8m (mainly Altius and Altamys)

Deferred price for disposal of Between received for +€2.3m

Financing cash flow

Acquisition of minority stakes for -€0.8m (mainly Drago)

Change in factoring position (net of deposit) for +€3.5m

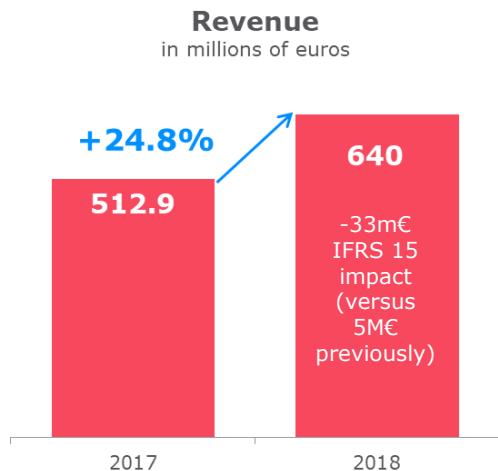
Shareholders dividend paid for -€7.7m (last year paid in July)

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Prospects

2018 guidance increase

Considering stable economic environment



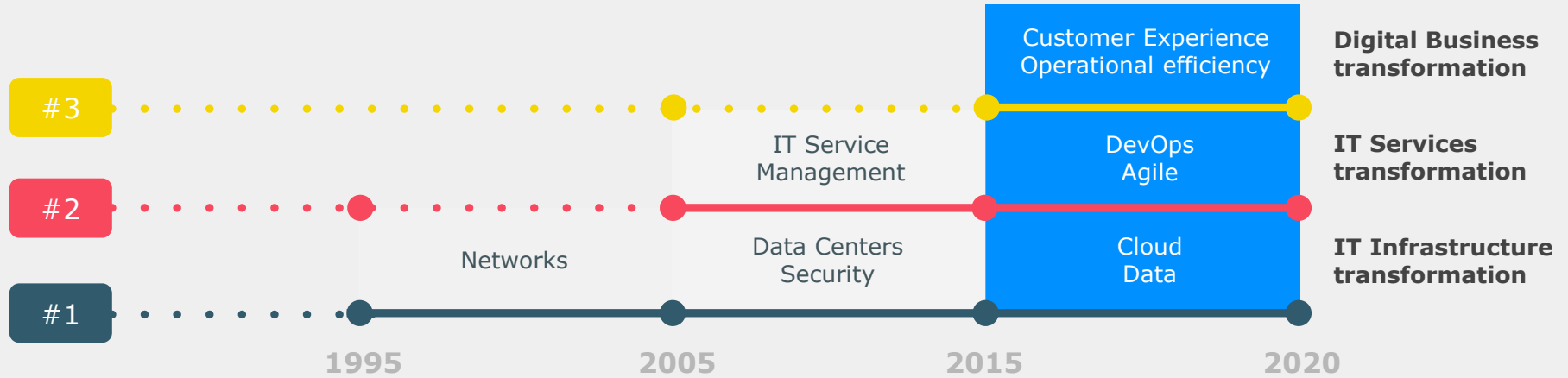
- **~ 15% like-for-like** (>12.5% previously)
- FX impact: -0.7 pt (versus -0.8 pt previously)
- M&A impact: ~ 10 pt (versus +4.7 pt previously)
 - Changes in perimeter H2 2018: Alegri €20m, Bold €6.7m, Paradigmo €0.8m, New Bic €1.8m, Shift: -€3m
 - TMNS: €11.9m H1 2018
 - D2SI: €10.6m 9m 2018
 - Progis: €1.3m FY 2018 & Altius: €1m FY 2018

- **Operating margin >11%** (10.5% previously)
 - Helped by higher number of days and utilization H1
 - Mitigated by investments for growth and inflation on salaries
 - Slight dilutive effect of new changes in perimeter in H2 compensated by strong H1 performance.
- Restructuring cost expected around 0.5% of the revenue

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Appendix

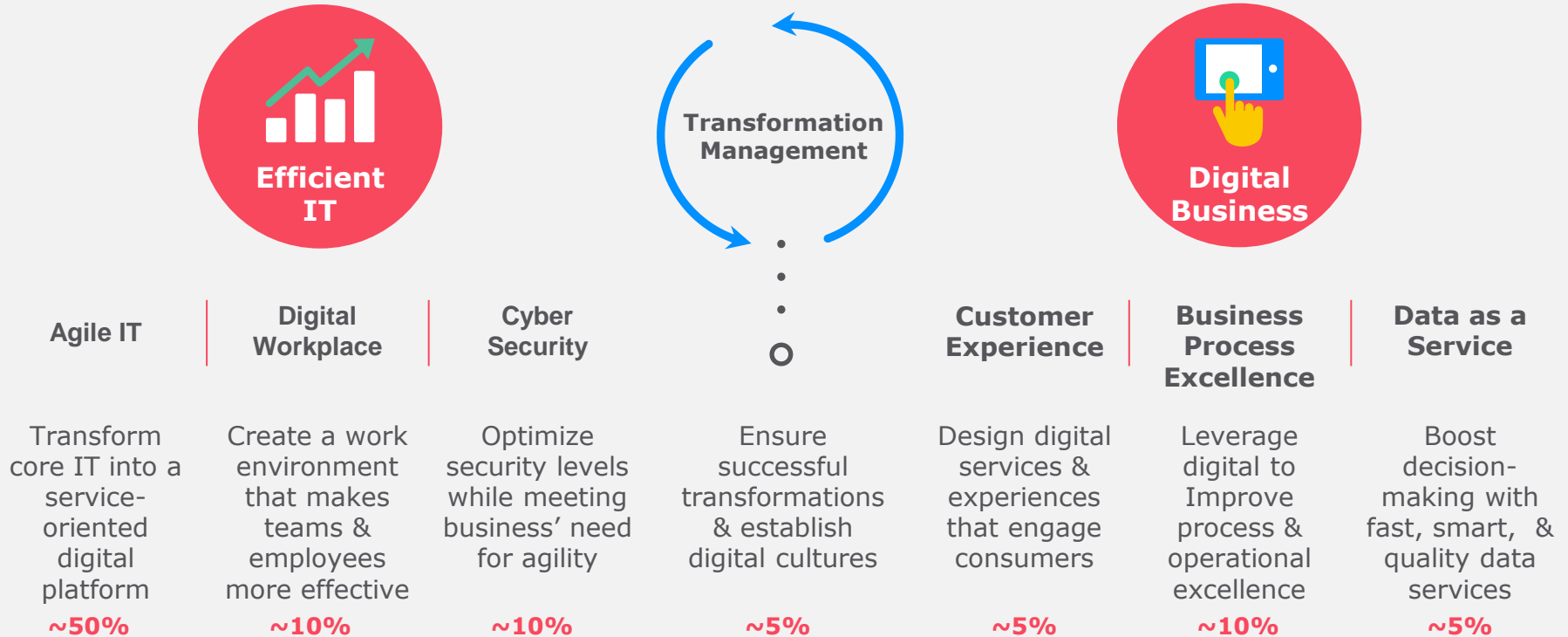
Over the past 20 years we have chosen to be focused on **3 consecutive disruptive revolutions**



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



Other & Non allocated: ~5%

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

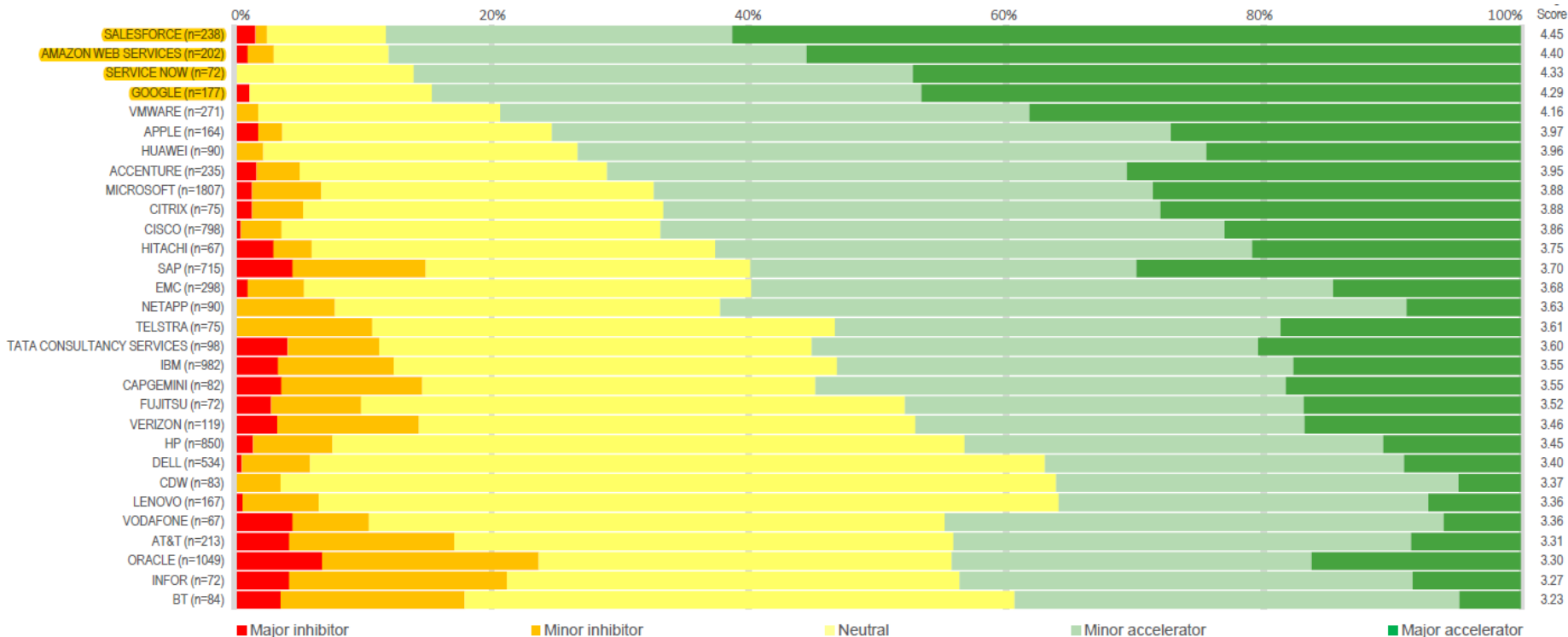
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Silver partners

Focus on partners that are “Digital Accelerators”

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



Source: Gartner (2016)

Clients and verticals Q2 2018

Top 3

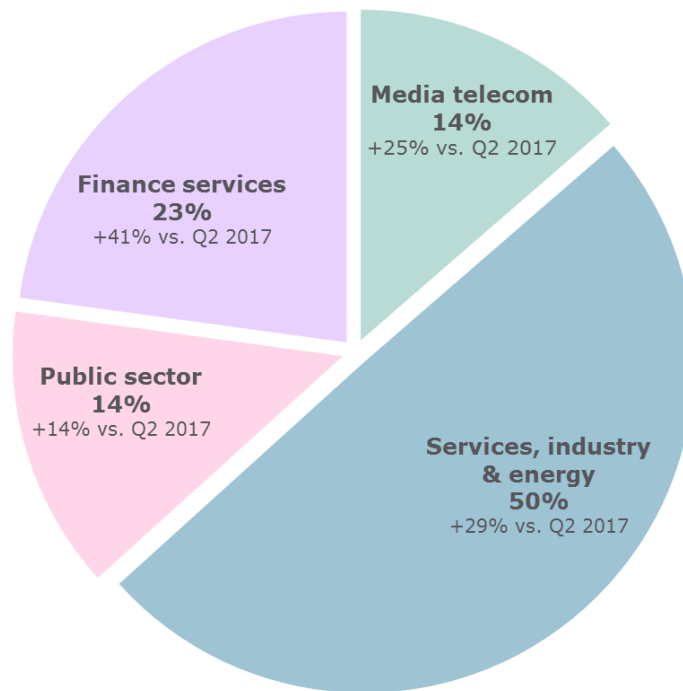
13% of the revenue

- BNP Paribas
- Engie
- Société Générale

Next 7

20% of the revenue

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



Balance Sheet

In Millions of €

ASSETS	H1 2018	FY2017	Variation
Goodwill	91,9	91,8	0,1
Non current assets	25,9	22,7	3,2
Current assets	250,3	225,4	24,9
Net cash (1)	36,7	47,5	(10,8)
Non current assets held for sale (2)	6,4	6,9	(0,5)
TOTAL ASSETS	411,2	394,2	17,0
LIABILITIES	H1 2018	FY2017	Variation
Group shareholders equity	161,5	150,8	10,7
Minority shareholders equity	9,9	11,2	(1,3)
Long term liabilities	11,7	14,5	(2,8)
Current liabilities	224,1	213,3	10,8
Non current liabilities held for sale (2)	3,9	4,5	(0,6)
TOTAL EQUITY & LIABILITIES	411,2	394,2	17,0

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

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

Shareholding structure

	05/30/2018			
	Nb of shares	% of capital	Nb of voting rights	% of voting rights
Executive Board ⁽¹⁾	1,842,569	22,1%	3,335,884	32.8%
Allianz	552,189	6,6%	552,189	5.4%
Tabag ⁽²⁾	448,402	5,4%	896,804	8.8%
Sycomore	360,425	4,3%	360,425	3.5%
Owned Shares	325,759	3,9%	0	0,0%
Public	4,803,063	57,7%	5,035,370	49.5%
Total	8,332,407	100,0%	10,180,672	100.0%

(1) Stanislas and Godefroy de Benizmann, 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 2,040,000 shares shall be kept during a minimum of 2 years."

Glossary

France: French operations

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

Central Europe: Austria, Czech Republic, Germany and Poland

Iberia & Latam: Spain, Mexico, Panama and Portugal

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

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

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 before amortization of intangible assets related to acquisitions and excluding the impact of the share-based payment

Like-for-like or I-f-I variation: variation at comparable perimeter and exchange rates

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

Contacts

Executive Board

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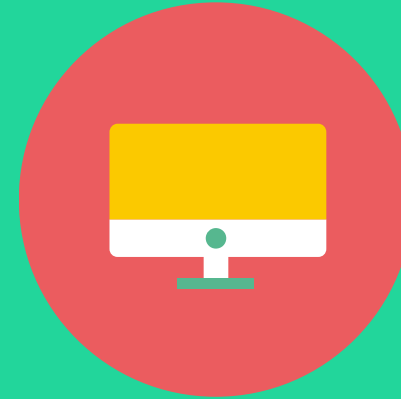
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