

€373.3 million revenue for H1 2019, a 21.8% growth, including 10.6% organically

- Operating margin at 9% of the revenue
- Operating income growing 10.7%
- Acquisition of PowerData in Spain to strengthen the European positioning on Smart Data

Paris, 3 September 2019

In millions of euros ⁽¹⁾	30.06.2019	30.06.2018	Variation	Organic variation ⁽²⁾
Revenue	373.3	306.5	+21.8%	+10.6%
Operating margin	33.4	34.0	-1.6%	
In % of the revenue	9.0%	11.1%	-2.1 pt	
Operating income	31.9	28.8	+10.7%	
In % of the revenue	8.5%	9.4%	-0.9 pt	
Net income - Group share	17.6	16.8	+4.8%	
Diluted earnings per share ⁽³⁾	€2.15	€2.04	+5.4%	
Net cash (debt) at closing⁽⁴⁾	(1.2)	36.7	-€37.8m	

⁽¹⁾The financial statements presented in this press release have been approved by the Supervisory Board on 2 September 2019 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".

H1 2019 consolidated financial statements are available on our website:

<https://www.devoteam.com/investors/financial-information/>

Devoteam (Euronext Paris: DVT) reported revenue of €373.3 million in the first half of 2019, with an operating margin at 9.0% of the revenue.

Growth areas

The Group growth is driven by its strategy carried out with its key partners, by strengthening its investment in employee certifications. Devoteam has more than doubled its number of certifications over one year to reach 1,500 at the end of H1 2019.

As a result, Devoteam received new awards including "Application Development" specialization with Google, Microsoft "2019 Country Partner of the Year" prize in Luxembourg, and Amazon's "Well-Architected Framework" competency.

Devoteam continues to heavily invest on new "AI¹ Ready" hybrid Cloud fundamentals:

- **Investment in open source technology Kubernetes**, "de facto" standard for the deployment and application executions in containers. These have been designed natively for the Cloud and are more agile, flexible and scalable than traditional applications based on virtual machines. Gartner Group estimates that "by 2022, more than 75% of global organizations will be running containerized applications in production – a significant increase from less than 30% today", this represents a significant development opportunity for Devoteam. The Group therefore targets 100 Kubernetes certifications within a year.
- **Launch of the "AI Academy" in Luxembourg**, after the first roll-out phase in France. The aim is to train both decision makers and technical profiles to AI technologies and its future opportunities.
- **PowerData acquisition in Spain**, a company specialized in consulting and data integration and an Informatica partner. This acquisition will enable Devoteam to launch new Data Governance solutions and metadata management services based on AI.
- **Cyber security**, these developments require a focus on identity and access management, data security, increased resilience of platforms and organizations, and maintain regulatory compliance. As a result, Devoteam refocuses its Cyber security offers towards Cloud Security solutions, DevOps and Digital Workplace, by placing security at the heart of the company strategy.

¹ Artificial Intelligence.

Results for the first half of 2019

The Group generated **revenues of €373.3 million in the first half of 2019**, growing 21.8% compared to the first half of 2018. At constant scope and exchange rates, it grew 10.6%.

The acquisitions of the years 2019 and 2018 contributed for €46.2 million, which included mainly:

- Bold in Portugal for €15.5 million, consolidated from 1 September 2018;
- Alegri in Germany for €14.8 million, consolidated from 1 September 2018;
- Jayway in Sweden for €12.2 million, consolidated from 1 October 2018.

During the second quarter of 2019, the Group achieved revenues of €184.7 million, representing a 20.9% total growth compared to the second quarter of 2018. It included positive exchange rate effects for 0.1 point.

The changes in perimeter had a positive impact of 11.1 points on the quarter growth, with a net contribution to Group revenue of €17.0 million. The like-for-like growth stood at 9.6% in the second quarter of 2019; the negative change in working days compared with the first quarter of 2018 representing a 0.8 growth point.

The **operating margin** amounted to €33.4 million and 9.0% of the revenue. At constant scope, the operating margin rate would have been circa 10% due to the temporary impact of the acquisitions under integration.

The number of working days in the first half of 2019 also had a negative effect on the operating margin rate for 0.7 point.

The **operating result** stood at €31.9 million, increasing 10.7% compared to the previous year. It included restructuring costs for €0.9 million (Germany mainly).

The **financial result** was -€2.1 million. It comprised a €0.3 million cost linked to the first application of the IFRS 16 standard, and a €0.2 million cost related to the renewal of the Group credit lines.

Tax expenses amounted to €10 million, representing 33.1% of the profit before tax. The effective tax rate increased slightly compared to the previous year, mainly because of the fiscal reform of the tax credit for employment and competitiveness in France ("CICE").

The **net income attributable to the shareholders of Devoteam S.A.** increased 4.8% at €17.6 million.

On 30 June 2019, the **net debt** of the Group stood at €1.2 million. It included the seasonal effect of the change in working capital and the growth financing.

Headcount and utilization rate

At 30 June 2019, the Group employed 7 259 professionals. The headcount increased by 63 professionals during the second quarter of 2019 including Avalon Solutions, and by 261 professionals since the beginning of the year.

The ratio of billable headcount to total headcount remained stable at 85.2% versus the first quarter of 2019.

In the second quarter of 2019, the Group utilization of internal resources stood at 83.1%, an improvement of 0.7 point compared to the first quarter of 2019.

Changes in scope

On 25 July 2019, Devoteam completed the asset acquisition of PowerData in Spain which is specialized in Data Management consulting. The company is also an Informatica premium partner which the Gartner Group positions as the leader in the field of data integration tools. This acquisition will allow the Group to strengthen its position on Business Intelligence and Smart Data topics.

PowerData is comprised of 32 professionals and generated revenues of €2 million in 2018. It will enter the consolidation scope as of 1 August 2019.

2019 outlook

The Group maintains its revenue targets of €774 million and 12% organic growth. It now expects an operating margin around 10.3% of revenue for 2019.

In this context, the Group has taken actions to achieve its strategic plan Scale! 2020.

Next press release

2019 third quarter revenue: 5 November 2019, after the market close.

Appendix

Pro forma information of revenue and operating margin, following reclassification of NauOn from Iberia & Latam segment to Divestments segment

In millions of euros	Q3 2018 restated	Q3 2018 presented*	Q4 2018 restated	Q4 2018 presented*	Q1 2019 restated	Q1 2019 presented*
Northern Europe & Benelux						
Group contribution	10.5	10.5	16.5	16.5	16.4	16.5
Central Europe						
Group contribution	7.1	7.1	4.1	4.0	0.1	-

In millions of euros	9m 2018 restated	9m 2018 presented*	2018 restated	2018 presented*
Northern Europe & Benelux				
Group contribution	26.4	26.4	42.9	43.0
Operating margin			4.2	4.1
In % of Group contribution			9.8%	9.5%
Central Europe				
Group contribution	19.8	19.7	23.8	23.8
Operating margin			1.7	1.8
In % of Group contribution			7.0%	7.4%

*Segment Iberia & Latam presented in November 2018 for Q3 and 9m 2018, presented in March 2019 for Q4 and full year 2018, and presented in May 2019 for Q1 2019.

Segment Divestments presented in March 2019 for Q3, 9m and full year 2018, and presented in May 2019 for Q1 2019.

Quarterly revenue by segment

In millions of euros	Q1 2019	Q1 2018	Q2 2019	Q2 2018	H1 2019	H1 2018
France	89.0	78.2	85.9	77.6	174.9	155.7
Variation	13.9%		10.8%		12.3%	
L-f-l variation	13.9%		10.8%		12.3%	
Northern Europe & Benelux	49.8	39.3	50.0	38.7	99.8	78.0
Variation	26.7%		29.1%		27.9%	
L-f-l variation	10.4%		10.0%		10.2%	
Central Europe	20.7	13.2	20.2	12.4	40.9	25.6
Variation	56.7%		63.0%		59.7%	
L-f-l variation	-0.8%		5.0%		2.0%	
Iberia & Latam	16.4	7.8	16.8	8.2	33.3	15.9
Variation	112.0%		105.8%		108.8%	
L-f-l variation	2.0%		-1.6%		0.1%	
Rest of the world	13.3	9.8	12.8	10.4	26.1	20.2
Variation	35.7%		23.4%		29.4%	
L-f-l variation	30.8%		20.3%		25.4%	
Corporate & other	(0.7)	(0.7)	(1.1)	(0.9)	(1.9)	(1.7)
Divestments	0.1	6.1	0.1	6.6	0.2	12.7
Total	188.6	153.7	184.7	152.8	373.3	306.5
Variation	22.8%		20.9%		21.8%	
L-f-l variation	11.7%		9.6%		10.6%	
Currency impact	0.3%		0.2%		0.2%	
Perimeter impact	10.8%		11.1%		10.9%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2019	Q1 2018	Q2 2019	Q2 2018	H1 2019	H1 2018
Northern Europe & Benelux	6.5		7.6		14.0	
Paradigmo, consolidated as of 1 July 2018	0.3		0.5		0.8	
Jayway, consolidated as of 1 October 2018	6.1		6.0		12.2	
Avalon Solutions, consolidated as of 1 April 2019			1.0		1.0	
Central Europe	7.6		7.2		14.8	
Alegri, consolidated as of 1 September 2018	7.6		7.2		14.8	
Iberia & Latam	8.5		8.7		17.2	
New BIC, consolidated as of 1 July 2018	1.0		0.9		1.9	
Bold, consolidated as of 1 September 2018*	7.5		7.8		15.3	

*Restated of NauOn, deconsolidated from 30 June 2019 and reclassified in the segment Divestments.

Quarterly revenue and operating margin by segment

In millions of euros	H1 2019	H1 2018
France		
Group contribution	174.9	155.7
Operating margin	20.9	23.1
In % of Group contribution	11.9%	14.8%
Northern Europe & Benelux		
Group contribution	99.8	78.0
Operating margin	6.7	6.7
In % of Group contribution	6.7%	8.6%
Central Europe		
Group contribution	40.9	25.6
Operating margin	1.3	2.8
In % of Group contribution	3.1%	10.8%
Iberia & Latam		
Group contribution	33.3	15.9
Operating margin	3.0	1.3
In % of Group contribution	9.0%	8.1%
Rest of the world		
Group contribution	26.1	20.2
Operating margin	3.2	1.9
In % of Group contribution	12.3%	9.4%
Corporate & other		
Group contribution	(1.9)	(1.7)
Operating margin	(1.3)	(2.9)
Divestments		
Group contribution	0.2	12.7
Operating margin	(0.3)	1.1
In % of Group contribution	-120.9%	9.0%
Total		
Group contribution	373.3	306.5
Operating margin	33.4	34.0
In % of Group contribution	9.0%	11.1%

Utilization rate of internal resources

Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019*	Q2 2019
85.6%	84.4%	84.2%	82.7%	84.2%	82.3%	83.1%

*82.4% in the Q1 2019 press release, 82.3% following the requalification of a subsidiary's activity.

Balance sheet

In millions of euros	30.06.2019	01.01.2019 ⁽¹⁾	31.12.2018
Assets			
Goodwill	135.8	129.9	129.9
Non-current assets	78.8	71.7	30.1
Current assets	298.6	264.2	264.2
Net cash (debt) ⁽²⁾	(1.2)	40.3	40.3
Total assets	512.1	506.0	464.4
Liabilities			
Group shareholders' equity	174.2	175.6	175.6
Minority shareholders' equity	11.6	12.0	12.0
Long term liabilities	56.4	49.2	23.4
Current liabilities	269.9	269.2	253.4
Total equity & liabilities	512.1	506.0	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	30.06.2019	31.12.2018	30.06.2018
Short-term investments	0.3	0.2	10.2
Cash at bank*	43.1	75.3	60.5
Bank overdrafts (liability)	(0.9)	(0.8)	(0.9)
Cash and cash equivalents	42.5	74.6	69.8
Cash management assets	0.4	0.4	0.3
Bonds	(29.9)	(29.9)	(29.8)
Obligations under finance leases	(0.0)	(0.1)	(0.1)
Obligations under operating leases (IFRS 16)	(33.9)	-	-
Draw-downs on bank and similar facilities and other borrowings	(2.2)	(3.4)	(2.1)
Long-term borrowings	(66.0)	(33.4)	(32.0)
Bonds	(0.9)	(0.4)	(0.9)
Obligations under finance leases	(0.0)	(0.0)	(0.4)
Obligations under operating leases (IFRS 16)	(11.1)	-	-
Draw-downs on bank and similar facilities and other borrowings	(10.9)	(0.9)	(0.2)
Short-term borrowings	(23.0)	(1.3)	(1.5)
Total borrowings	(89.0)	(34.7)	(33.5)
Derivative instruments	-	-	-
IFRS 16 neutralization	45.0	-	-
Net cash (debt)	(1.2)	40.3	36.7
Of which cash from discontinued operations	-	-	1.6
Total Equity	185.8	187.6	171.4
Debt to Equity Ratio	0.6%	-21.5%	-21.4%

*Including factoring position (net of deposit) for €15.4 million on 30 June 2019, €16.9 million on 31 December 2018 (amount corrected compared to the 2018 publication at €17.2 million) and €17.1 million on 30 June 2018.

Changes in exchange rates

For €1	Average rate H1 2019	Average rate H1 2018	Variation
UAE dirham	4.149	4.445	7.1%
Swiss franc	1.130	1.170	3.6%
Czech koruna	25.685	25.501	-0.7%
Danish krone	7.465	7.448	-0.2%
Pound sterling	0.874	0.880	0.7%
Moroccan dirham	10.844	11.250	3.8%
Mexican peso	21.654	23.085	6.6%
Norwegian krone	9.730	9.593	-1.4%
Zloty	4.292	4.221	-1.7%
Serbian dinar	118.064	118.296	0.2%
Swedish kronor	10.518	10.151	-3.5%
Singapore dollar	1.536	1.605	4.5%
Tunisian dinar	3.384	2.977	-12.0%
Turkish lira	6.356	4.957	-22.0%
US dollar	1.130	1.210	7.1%

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, Poland 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 segments, and discontinued operations.

Divestments: in 2018, the segment 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.

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

Speedboat: new entity that offers a promising or potentially promising product or service, outside of the Group's current range of activities in a given country, which receives accelerated development assistance from one or more associate managers with a view to reaching a critical size within three to five years.

Containers: standard unit of software that packages up code and all its dependencies so the application runs quickly and reliably from one computing environment to another.

ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

As a pure player for Digital Transformation of leading organisations across EMEA, our 7,200 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 €652.4 million in 2018.

At Devoteam, we are Digital Transformakers.

ISIN: FR 0000073793, Reuters: DVTM.PA,
Bloomberg: DEVO FP

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