

H1 2019 results

Analyst presentation

3 September 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 H1 2019



H1 2019 Results

- €373.3m of revenue
- +21.8% total growth, of which 10.6% organically
- Operating margin at 9%
- Operating result up 10.7% at €31.9m



SMACS and Partnerships

75% of SMACS revenue in H1 2019

Acquisition of PowerData, Smart Data specialist in Spain (32 employees)

Devoteam continues to accelerate its certification plan with key partners
1500 certification to date

Devoteam Luxembourg awarded **2019 Microsoft Country Partner of the Year**



Eagle for value

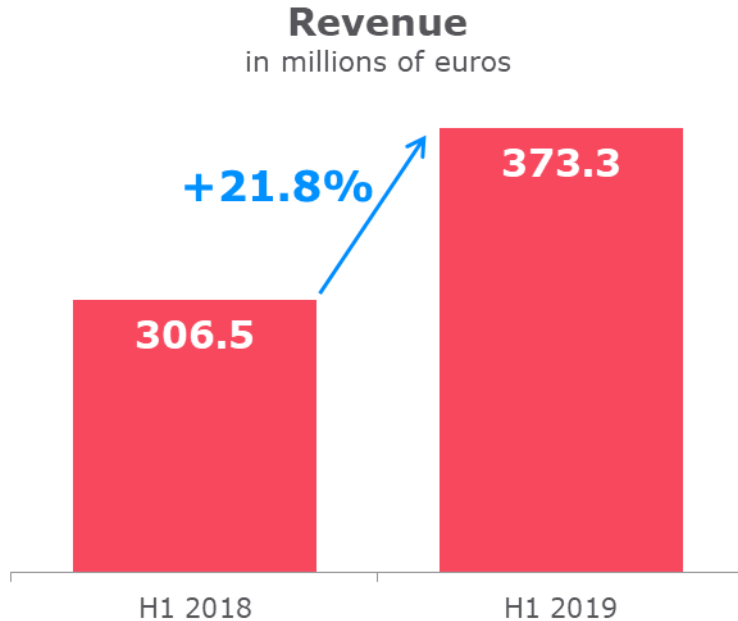
Strengthening our Eagle operational model

- HR model and talent acquisition
- Pricing and sales force effectiveness
- Performance monitoring

2

Financial results

H1 2019 revenue



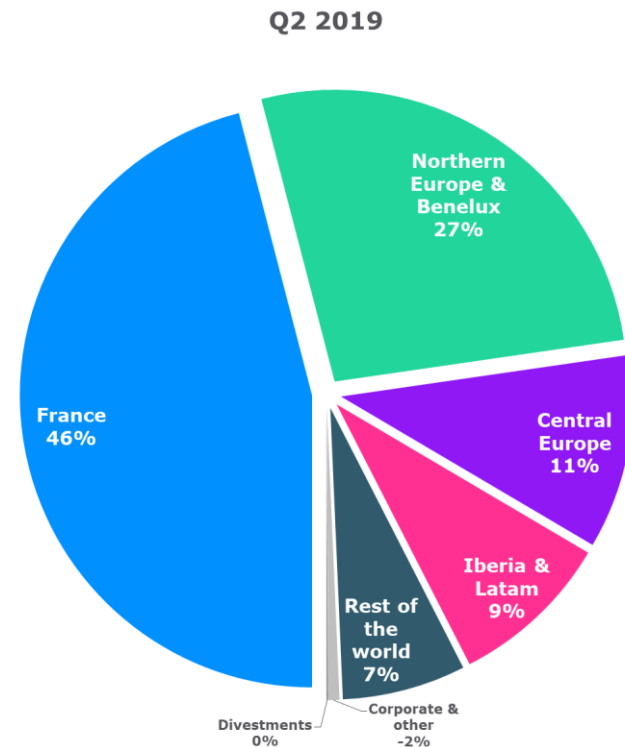
+21.8% YoY growth of revenue

- M&A impact: +10.9%
- FX impact: +0.2%

+10.6% like-for-like variation

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-I 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-I 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-I 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-I 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-I 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-I variation	11.7%		9.6%		10.6%	
Currency impact	0.3%		0.2%		0.2%	
Perimeter impact	10.8%		11.1%		10.9%	



Growth driven by SMACS

Q2 2019*

Legacy & Non allocated
-34.5% of which -31.5% I-f-I

€5.6m
(3%)

Mature Business

-6.7% of which -2.3% I-f-I

€40.3m
(22%)

€139.9m
(75%)

+37.1%

**SMACS
YoY Growth**

+18.1% I-f-I Growth

H1 2019*

Legacy & Non allocated
-28.1% of which -29.9% I-f-I

€12.5m
(3%)

Mature Business

-6.5% of which -2.0% I-f-I

€82.0m
(22%)

€280.7m
(75%)

+38.2%

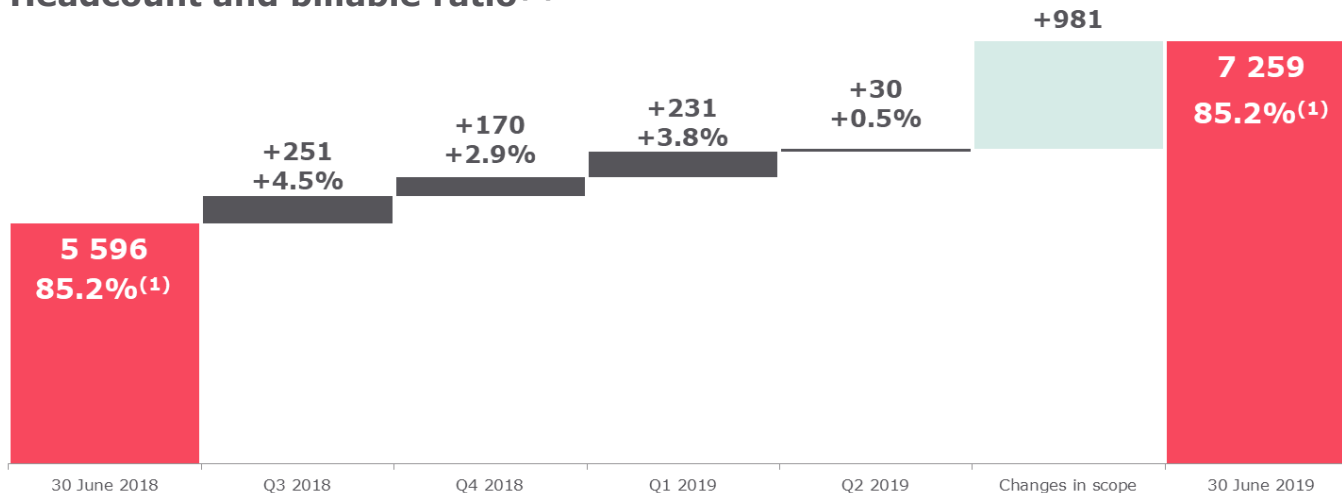
**SMACS
YoY Growth**

+19.6% I-f-I Growth

■ SMACS ■ Mature ■ Legacy

Talent acquisition

Headcount and billable ratio⁽¹⁾



Acquisition Q2 2019
 Avalon +33p
Acquisition Q4 2018
 Jayway +226p
Acquisitions Q3 2018
 Bold +627p
 Alegri +224p
 New BIC +43p
 Paradigmo +13p
Divestment Q3 2018
 Shift -71p
Divestment 31/12/2018
 Siticom GmbH -104p
Divestment 30/06/2019
 NauOn -10p

Attrition rate of billable employees from 31.5% in Q1 2019 to 34.2% in Q2 2019

Utilization rate of internal resources⁽²⁾

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.

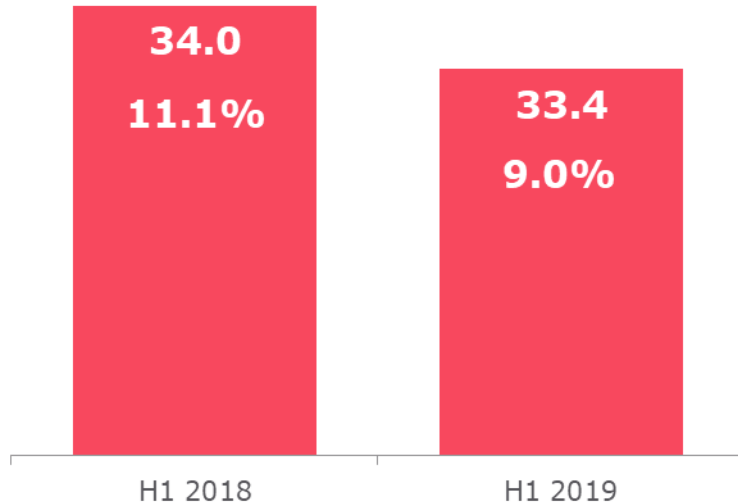
⁽¹⁾Billable ratio = productive headcount / total headcount

⁽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 2019 operating margin

Operating Margin

in millions of euros and % of Revenue



From 11.1% to 9.0% operating margin

- Negative working days impact
- Lower utilization rate
- Positive scissor effect

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%

In millions of euros	H1 2019	H1 2018
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%

Profit & loss statement

In million of euros	H1 2019	H1 2018	YoY var.
Revenue	373.3	306.5	21.8%
Operating Margin	33.4	34.0	-1.6%
Cost of share based payment & Impact of acquisitions (amortization of intangibles)	(0.9)	(1.7)	
Current Operating Profit	32.5	32.3	0.9%
Non current restructuring costs	(0.9)	(0.6)	
Operating Profit before M&A and other non current	31.6	31.7	-0.2%
M&A and other non current costs Impairment, Badwill	(0.3) 0.6	(2.9) -	
Operating Profit	31.9	28.8	10.7%
Financial result	(2.1)	(1.3)	
Share of profit from associates	0.3	0.4	
Profit Before Tax	30.1	27.9	8.0%
Income tax	(10.0)	(8.4)	
Profit After Tax	20.1	19.4	3.6%
Profit attributable to the Owners of the company	17.6	16.8	4.8%
Basic earnings per share (euro)	2.16	2.10	
Diluted earnings per share (euro)	2.15	2.04	

Non current restructuring costs increase of €0.3m

Mainly linked with restructuring in Germany and Denmark

Other non current costs down €0.3m

Primarily from the disposal of non strategic assets for +€0.5m

Financial result

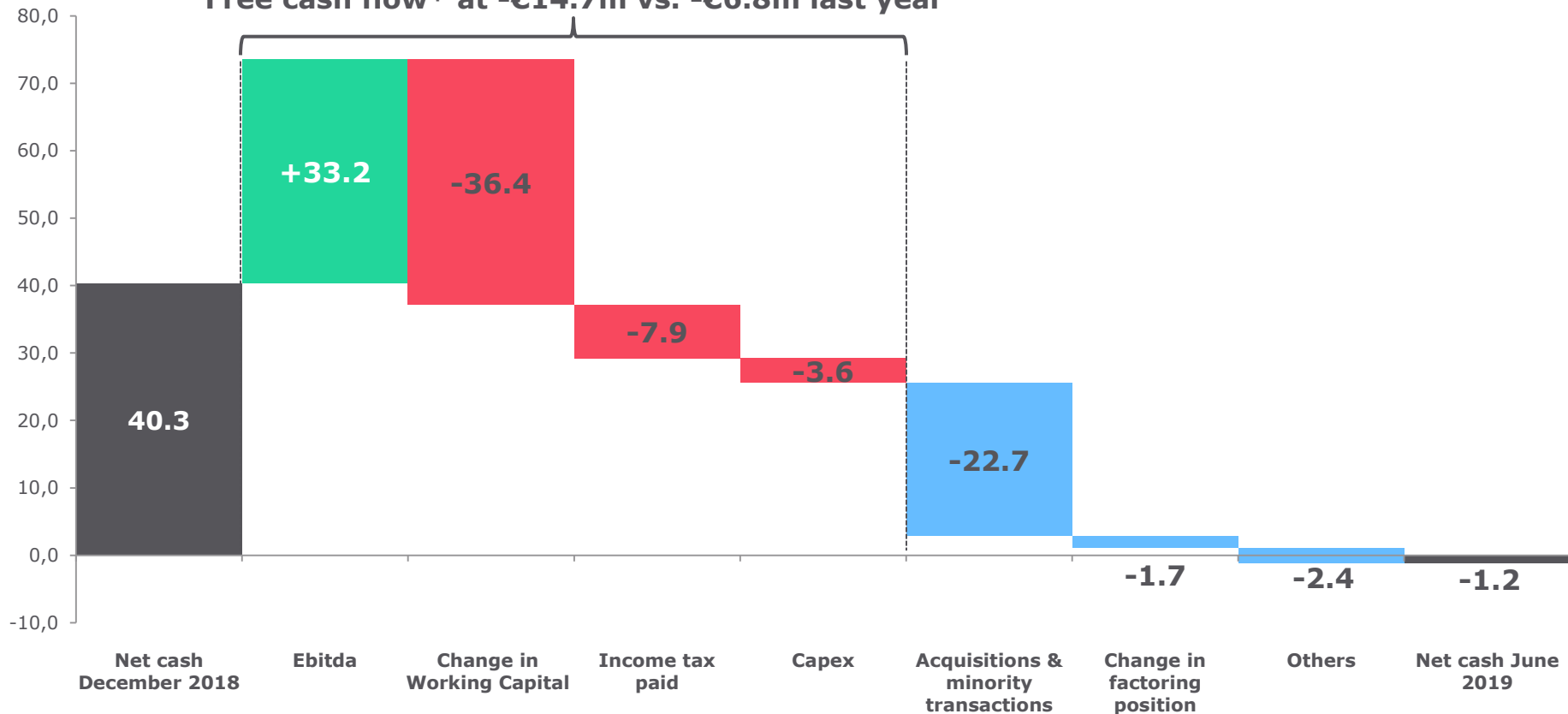
Financial costs increase of €0.8m mostly driven by the IFRS 16 effect (€0.3m) and the cost of the Group credit lines renewal (€0.2m)

Income tax

Effective tax rate (ETR) at 33.2% vs. 30.1% last year, principally resulting from the CICE reform in France. Excluding this change, the ETR would be at 31.3%

Net cash/debt: 6 months evolution

Free cash flow* at -€14.7m vs. -€6.8m last year



3

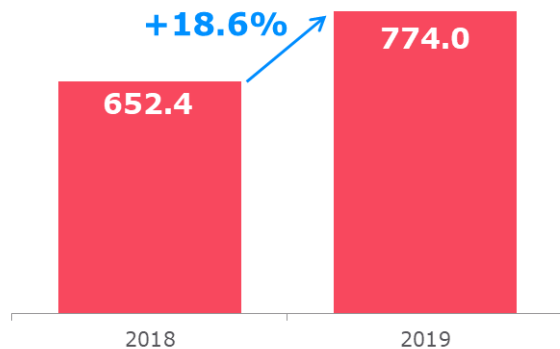
Prospects

2019 guidance

Considering stable economic environment, exchange rates and accounting method

Revenue

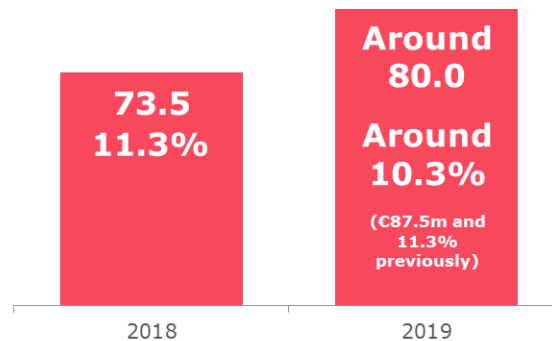
in millions of euros



- **Organic growth above +12%**
- M&A impact: +6.4 pt

Operating margin

in millions of euros and in % of Revenue



- **Operating margin around 10.3%**
- Restructuring costs expected around 0.5% of the revenue

IFRS 16 impact: not significant

4

Appendix

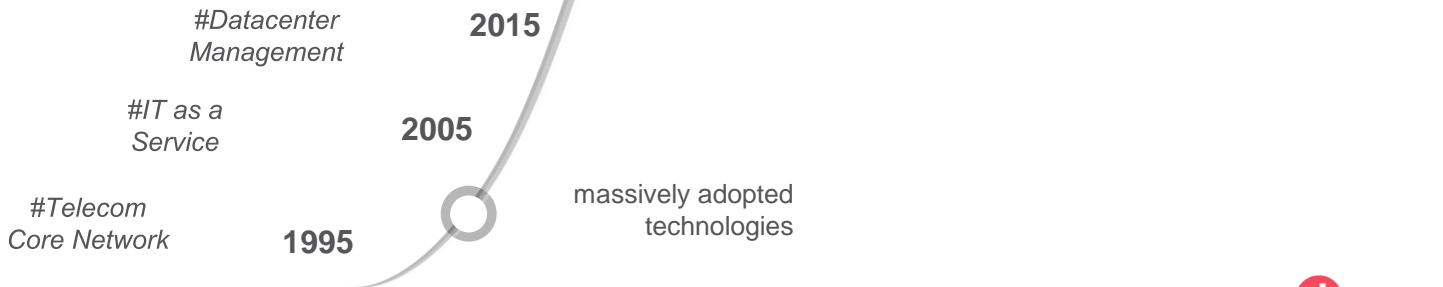
with our learning and entrepreneurial culture

we have chosen our tech future.

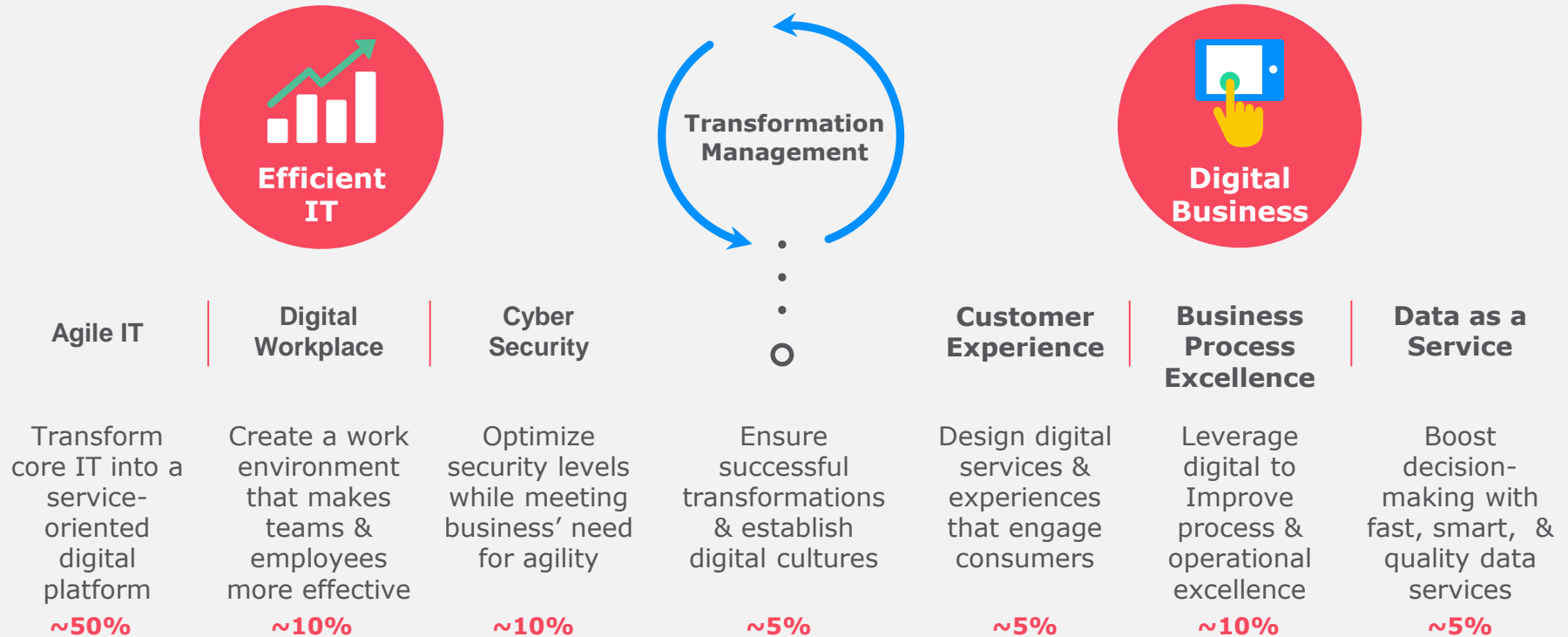
maximising
business
value for
customers.



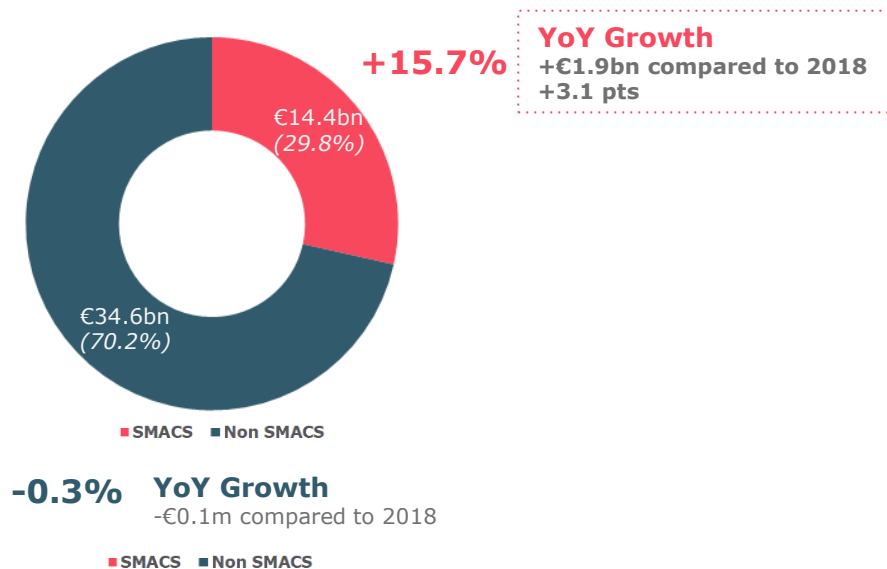
technologies to
be adopted at
scale



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



SMACS transformation will drive the IT Market growth in 2019



Source: Syntec, 2019

Clients and verticals Q2 2019

Top 3

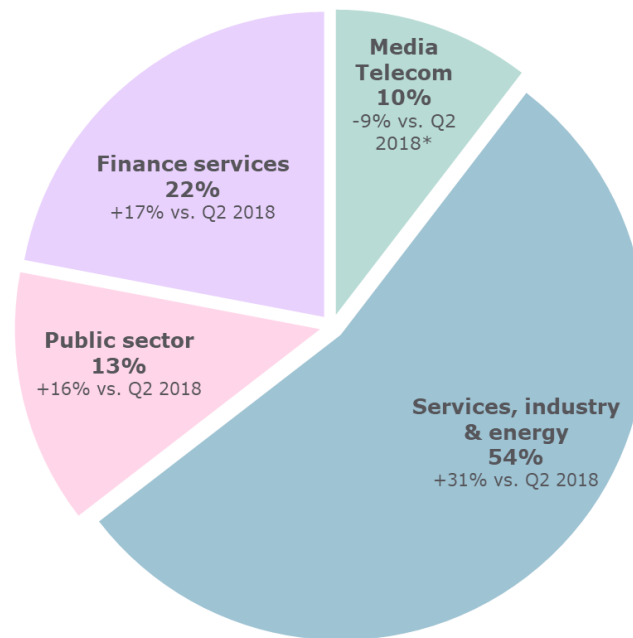
11% of the revenue

- BNP Paribas
- ENGIE
- Major electricity provider

Next 7

16% of the revenue

- Société Générale
- CA/CL
- Carrefour
- SNCF
- Airbus
- AXA
- Daimler AG



*+11% excluding Siticom GmbH deconsolidated on 31/12/2018

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".

Cash flow statement⁽¹⁾ – Analytical view

In millions of euros	H1 2019	H1 2018	FY 2018
Ebitda ⁽²⁾	33,2	33.0	69.9
Change in Working Capital	(36.4)	(30.5)	(9.6)
Tax paid	(7.9)	(7.0)	(13.0)
Operating cash flow	(11.1)	(4.4)	47.3
Investment cash flow	(18.7)	(1.2)	(45.6)
Financing cash flow	(11.8)	(5.7)	(9.2)
Net change in cash	(41.6)	(11.3)	(7.5)
Opening <u>Net</u> cash/debt position	40.3	47.5	47.5
FX	0.2	0.2	0.2
Non current assets held for sale	-	0.3	0.1
Net change in cash	(41.6)	(11.3)	(7.5)
End <u>Net</u> cash/debt position	(1.2)	36.7	40.3

In millions of euros	30/06/19	30/06/18	31/12/18
Off balance sheet factoring net position	15.4	17.1	16.9

Operating cash flow

Change in working capital -€36.4m mainly due to seasonality and growth effect

Tax paid stable at -€7.9m vs. -€7m

Investment cash flow

Acquisition tangible/intangible assets for -€3.6m

Acquisition of subsidiaries net of cash acquired and payment for deferred price on previous acquisitions for -€15.3m

Financing cash flow

Acquisition/disposal of minority stakes for -€7.9m

Change in factoring position (net of deposit) for -€1.8m

Dividend paid for -€1.9m

⁽¹⁾Presents the variation of the cash (debt) position net of all financial debts, except IFRS 16

⁽²⁾Operating result before depreciations and amortizations, excluding IFRS 16 impact

Shareholding structure

	31/03/2019			
	Number of shares	% of capital	Number of voting rights	% of voting rights
Executive Board ⁽¹⁾	1,752,336	21.0%	3,415,803	32.5%
Allianz	552,189	6.6%	552,189	5.3%
Tabag ⁽²⁾	413,748	5.0%	827,496	7.9%
Sycomore AM	231,130	2.8%	231,130	2.2%
Financière Arbevel	176,020	2.1%	176,020	1.7%
Owned shares	144,632	1.7%	-	-
Other public	5,062,352	60.8%	5,307,886	50.5%
Total	8,332,407	100.0%	10,510,524	100.0%

⁽¹⁾And their family, acting in concert.

⁽²⁾Owned by Yves de Talhouët, linked with the Board of Directors 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

France: France

Northern Europe & Benelux: 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

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. 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.

Contacts

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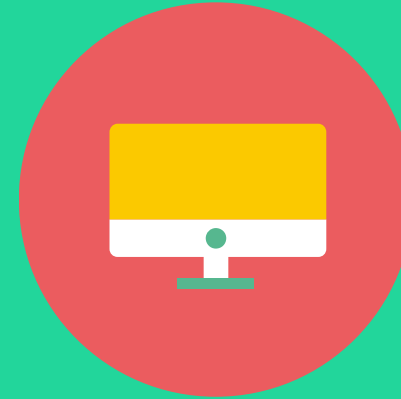
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