

2017/18 annual revenue grows by 6% EBIT margin expected to exceed target

Revenue In €m - unaudited consolidated data	2017/18	2016/17	Change ¹
9 months	261.5	248.2	+5%
Q4	98.4	90.6	+9%
Twelve-month total	359.9	338.7	+6%

¹ There are no changes to report in the scope of consolidation between the two periods.

9% growth in Q4

In Q4 of the 2017/18 fiscal year (January 1 to March 31, 2018), Wavestone's revenue stood at €98.4m: up 9% compared with Q4 2016/17. On a constant forex basis, quarterly growth was also 9%.

Over the full year, 2017/18, Wavestone generated revenue of €359.9m, exceeding its target of €350m. Growth was 6% over the full year (7% on a constant forex basis). There was no change in the scope of consolidation between this and the previous year. To note: Xceed Group will be consolidated from April 1, 2018.

A workforce of 2,793 employees at March 31, 2018: up 6% year-on-year

At March 31, 2018, Wavestone had 2,793 employees, compared with 2,628 at March 31, 2017.

The last quarter of the year confirmed the firm's strong momentum in recruitment, despite an extremely competitive labor market. In the 2017/18 fiscal year, Wavestone took on nearly 700 new employees, outperforming its annual hiring plan, which envisaged 600 appointments.

The annual staff turnover rate was 16%, slightly lower than in the first nine months of the year. Wavestone confirms its medium-term aim of a staff turnover rate of less than 15%, while remaining cautious in the short-term given the current pressures on human resources.

A slight decline in utilization rate

The consultant utilization rate fell slightly in Q4 due to a number of large projects ending in December 2017, and the inherent lag in the start of some projects early in the 2018 calendar year. For the year as a whole, the utilization rate stood at 77%, compared with 78% for the first nine months, and 76% for the whole of the previous fiscal year.

Conversely, in Q4, Wavestone saw a positive shift in its sales prices. As a result, the average daily rate for the entire fiscal year stands at €848, compared with €844 for the first nine months, and €845 for 2016/17 fiscal year.

Lastly, the trend toward an increasingly full order book continued over the final months of the fiscal year, reaching 3.7 months of work by the end of March 2018, compared with 3.5 months at the end of December 2017, and 3.3 months at the end of September 2017.

The EBIT margin is expected to exceed target

Q4 activity was better than expected, with the increase in headcount and sales prices more than offsetting the slight decline in utilization rate.

This positive year-end, combined with the momentum built up over the first nine months, has resulted in 2017/18 annual revenue being well above target (€359.9m vs. €350m).

In light of this, Wavestone now expects to appreciably exceed its 2017/18 EBIT margin target—which was revised upward to 11% in December 2017—by at least 2 percentage points.

Next event: 2017/18 annual results, Tuesday, May 29, 2018, after Euronext market closing.

About Wavestone

In a world where permanent evolution is the key to success, Wavestone's mission is to enlighten and partner business leaders in their most critical decisions.

Wavestone draws on some 2,800 employees across four continents. It is a leading independent player in European consulting, and the number one in France.

Wavestone is listed on Euronext, Paris, and is eligible for the PEA-PME (a French investment instrument that encourages individuals to invest in smaller and intermediate-sized firms). Wavestone is recognized as a Great Place To Work®.

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