

Press release

Q3 2017 revenue growing 12.2%, of which 7.8% organically, to €125.2 million

Growth driven by SMACS (Social Mobile Analytics Cloud Security), representing half of the business of the Group

Full-year objectives confirmed

Paris, 14 November 2017

In millions of euros	Q3 2017	Q3 2016 ⁽¹⁾	9m 2017	9m 2016 ⁽¹⁾
Revenue	125.2	111.6	381.7	349.7
Variation	12.2%		9.1%	
L-f-I variation	7.8%		7.8%	

⁽¹⁾Restated from Between: in accordance with IFRS 5 related to assets held for sale, the operations of Between have been classified on a single line of the income statement named "Net result of discontinued operations, net of tax". As a consequence, these operations are not included in the revenue.

⁽²⁾At comparable perimeter and exchange rates.

Devoteam (Euronext Paris: DVT) reported revenues of €125.2 million for the third quarter of 2017, representing a 7.8% increase compared to the third quarter of 2016, excluding changes in currency and scope, and despite a negative calendar effect (number of working days 1.3% lower than in the third quarter of 2016).

SMACS business represented half of the business of the Group in the third quarter of 2017, and explains the Group's strong organic growth.

At current exchange rates and perimeter, consolidated revenues have increased by 12.2% during the third quarter. It included negative effects of currency for 0.6 point (UAE dirham and Turkish lira, mainly). The integration of TMNS as of 1 July 2017 had a positive impact of 5 points on the growth of the quarter with a contribution of €5.4 million to the consolidated revenues during the third quarter of 2017.

Analysis of Q3 2017 revenue by region

France reported revenues of €61.4 million in the third quarter of 2017, growing 12.9% year-on-year, and driven by the Security, Cloud and Google activities.

At constant scope and exchange rates, the revenue of the **Northern Europe & Benelux** region increased by 1.6%; the decrease of the Group's Telecom business in the United-Kingdom was offset by the growth of the Danish and Norwegian subsidiaries.

The **Central Europe** region achieved revenues of €14.4 million, representing an organic growth of 19.7%, as a result of a strong growth in Germany.

Rest of the world generated revenues of €17.1 million, decreasing 6.5% organically compared to the third quarter of 2016. Last year, the region benefitted from one-off revenues of €1.6 million linked to a reselling project for the medical sector in Turkey. Excluding this project, the region would have presented an organic growth of 2.4% during the third quarter; the total organic growth of the Group would also have been 1.6 point higher if restated from the same project.

Headcount and utilization rate

On 30 September 2017, the Group employed 4 752 people compared to 4 422 people on 30 June 2017. The acquisition of TMNS resulted in the integration of 202 people in the third quarter of 2017. Excluding the change in scope, the headcount pursued the growth with a net increase of 128 people, and despite a strained labour market.

The ratio of billable headcount to total headcount stood at 86.2% on 30 September 2017, compared to 85.8% on 30 June 2017.

During the third quarter of 2017, the utilization rate of internal resources improved by one point to 85.2% compared to the second quarter of 2017, and almost steady compared to the third quarter of 2016.

Changes in scope

The Group finalised the acquisition of 80% of D2SI shares, a leader in AWS Public Cloud technologies in France, which is consolidated from 1 October 2017.

The disposal of control in Between should be finalized by the end of the calendar year 2017.

2017 outlook

The Group confirmed the previously communicated guidance for the year 2017:

- Consolidated revenues of €530 million;
- Operating margin close to 10%.

Financial calendar

Press release after market closed	
Q4 2017	Q1 2018
7 March 2018	16 May 2018

Appendix

Contribution of the regions to the revenue

In millions of euros	Q3 2017	Q3 2016 restated	9m 2017	9m 2016 restated
France	61.4	54.4	193.7	169.3
Variation	12.9%		14.4%	
L-f-l variation	12.9%		14.4%	
Northern Europe & Benelux	32.0	26.3	93.8	84.7
Variation	21.8%		10.7%	
L-f-l variation	1.6%		1.7%	
Central Europe	14.4	12.0	42.3	34.7
Variation	20.0%		21.7%	
L-f-l variation	19.7%		16.1%	
Rest of the world	17.1	19.0	52.2	57.0
Variation	-9.8%		-8.5%	
L-f-l variation	-6.5%		-7.4%	
Corporate & other	0.1	(0.2)	(0.3)	(0.3)
Divestments	-	0.0	-	4.2
Total	125.2	111.6	381.7	349.7
Variation	12.2%		9.1%	
L-f-l variation	7.8%		7.8%	

Of which impact of significant acquisitions:

In millions of euros	Q3 2017	Q3 2016	9m 2017	9m 2016
Northern Europe & Benelux	5.4		8.1	
HNCO, consolidated as of 1 July 2016 (estimate)			1.6	
Globicon, consolidated as of 1 July 2016 (estimate)			1.1	
TMNS, consolidated as of 1 July 2017	5.4		5.4	
Central Europe			1.9	
Q-Partners Consulting, consolidated as of 1 July 2016			1.9	

Discontinued operation:

In millions of euros	Q3 2017	Q3 2016	9m 2017	9m 2016
Between	-	19.2	-	56.5
Variation	-100.0%		-100.0%	
L-f-l variation	-100.0%		-100.0%	

Utilization rate of internal resources excluding divested entities

Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017
82.9%	85.1%	85.5%	84.1%	84.4%	82.9%	84.2%	85.2%

Changes in exchange rates

For €1	Average rate 9m 2017	Average rate 9m 2016	Variation
UAE dirham	4.091	4.099	0.2%
Swiss franc	1.095	1.095	-
Czech koruna	26.548	27.035	1.8%
Danish krone	7.437	7.447	0.1%
Algerian dinar	122.676	121.737	-0.8%
Pound sterling	0.873	0.803	-8.1%
Moroccan dirham	10.893	10.883	-0.1%
Mexican peso	21.009	20.414	-2.8%
Norwegian krone	9.236	9.380	1.6%
Zloty	4.265	4.358	2.2%
Serbian dinar	122.108	122.108	-
Tunisian dinar	2.651	2.348	-11.4%
Turkish lira	4.003	3.276	-18.2%
US dollar	1.114	1.116	0.2%

Glossary

Restated: restated from Between, in accordance with IFRS 5 "Non current assets held for sale and discontinued operations" which requires the net profits and losses of the activity to be presented as "Net result of discontinued operations, net of tax" in the consolidated income statement.

Between is a Dutch subsidiary specializing in "sourcing" of IT professionals.

France: French operations.

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

Central Europe: Austria, Czech Republic, Germany and Poland.

Rest of the world: Middle East, Algeria, Spain, Italy, Morocco, Mexico, Panama, Tunisia and Turkey.

Corporate & other: headquarter activities which cannot be allocated directly to the operational regions.

Divestments or divested entities: in 2016, divested activities include Grimstad activities in Norway, deconsolidated as of 1 May 2016, and Devoteam Genesis, deconsolidated as of 1 July 2016.

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 excluding the cost of share-based payments and the amortization of intangible assets resulting from acquisitions.

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

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.

ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

We are 4,500 professionals dedicated to ensuring our clients win their digital battles.

Present in 17 countries in Europe and the Middle East and drawing on 20 years of experience, we improve business performance making their companies truly digital. We build IT infrastructure for digital, and make sure people are along for the ride.

Devoteam achieves yearly revenue above €500 million.

At Devoteam, we are "Digital Transformakers".

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

Executive Board

Stanislas de Bentzmann,
Co-CEO
stanislas.de.bentzmann@devoteam.com

Financial communication

Evelyne Broisin,
Group controlling & investor relations
director
evelyne.broisin@devoteam.com

Perrine Angibault,
Group reporting & investor relations
manager
perrine.angibault@devoteam.com

Press contacts

Le Public Système

Céline Da Silva,
cdasilva@lepublicsysteme.fr
+33 6 16 79 29 32

www.devoteam.fr