

## Q3 2018 Press Release

### Boosted recruitment and organic growth (+22.4%) see Devoteam revising upwards its guidance for the full year

- Q3 2018 revenue of €155.2 million, of which 67% SMACS, growing more than 30%
- Devoteam extends its leadership position on Open Source technologies in Europe with an 8<sup>th</sup> country certified as “Red Hat Premier Business Partner”

Paris, 12 November 2018

In millions of euros	Q3 2018	Q3 2017 restated <sup>(1)</sup>	Q3 2017 presented <sup>(2)</sup>	9m 2018	9m 2017 restated <sup>(1)</sup>	9m 2017 presented <sup>(2)</sup>
Revenue	155.2	119.2	125.2	461.7	363.0	381.7
Variation	30.3%			27.2%		
L-f-I variation <sup>(3)</sup>	22.4%			19.7%		

<sup>(1)</sup>Restated in accordance with IFRS 15 related to revenue from contracts with customers. Impact currently being validated by the Group Auditors.

<sup>(2)</sup>In the FY 2017 press release.

<sup>(3)</sup>At comparable perimeter and exchange rates.

Devoteam (Euronext Paris: DVT) reported revenues of €155.2 million for the third quarter of 2018, growing 22.4% compared to the third quarter of 2017, excluding changes in currency and scope.

At current exchange rates and perimeter, consolidated revenues increased by 30.3% during the third quarter. It included negative effects of currency for 0.2 point (Turkish lira and Norwegian crown, mainly). The changes in perimeter had a positive impact of 8 points on the quarter growth, with a net contribution to Group revenue of €9.5 million.

In line with Scale! 2020 plan, the Group continues to invest in its technological partnerships.

Devoteam has been awarded by Salesforce “Platinum Consulting Partner” in France, after only 18 months of partnership.

The Group has also become, two years after igniting the partnership with Red Hat, “Premier Business Partner” in an 8<sup>th</sup> country (Czech Republic). The recent acquisition by IBM confirms Red Hat as a key player in the Cloud and Open Source ecosystem. Devoteam expects to benefit from the new business dynamic that the deal should bring to Red Hat.

### **Analysis of Q3 2018 revenue by region**

**France** was the main region driving the Group’s performance. Its revenue grew by more than 30% organically during the third quarter of 2018. It fully benefited from the SMACS market performance, especially on the migration of clients’ legacy infrastructure to the Cloud.

The **Northern Europe & Benelux** region increased its revenue by 14% organically, a slight increase compared to the first half of 2018. Starting 1 October 2018, the region will integrate Jayway, a Creative Technology agency, which is expected to contribute €6 million to Group revenue on the fourth quarter of 2018, slightly higher than the €5 million previously announced.

The **Central Europe** region improved its revenue by more than 20% excluding changes in currency and scope. Following a delay in obtaining the approval from the German anti-trust authorities, Alegri entered the consolidation scope as of 1 September 2018 instead of 1 July 2018 as previously indicated. Taking into account the missing two months of contribution to Group revenue and the current company business dynamic, Alegri should bring around €10 million to the 2018 Group revenue (versus €20 million previously expected). The merge with the existing German business of the Group is launched and should materialize in 2019. This should allow the entity to start growing again in 2020.

The **Iberia & Latam** region increased its revenue by 10.8% organically, driven by Mexico and projects in partnership with Google. Starting 1 September 2018, the region integrated Bold, an entity specialized in Digital Transformation in Portugal. It contributed €2.3 million to Group revenue for the third quarter of 2018; it also brought 22 net recruitments for September 2018, both exceeding initial expectations.

**Rest of the World** increased its revenue by more than 15% organically driven by the Middle East and Tunisia.

## **Headcount and utilization rate**

On 30 September 2018, the Group employed 6 683 people, including 251 additional employees for the third quarter of 2018 (versus 128 for the third quarter of 2017). This acceleration in headcount growth reflects Devoteam's attractiveness as a specialized company for Digital Transformation as well as its visibility on the market. The attrition rate slightly decreased over the quarter, at 26.7% (versus 28% in the first half of 2018 and in the third quarter of 2017).

The ratio of billable headcount to total headcount stood at 86.1% on 30 September 2018, almost stable year on year.

During the third quarter of 2018, the utilization rate of internal resources slightly decreased compared to the third quarter of 2017 due to the increase of hiring; it stood at 84%.

## **2018 outlook**

Taking into account the third quarter organic growth and despite the delay in the consolidation date of Alegri, the Group revises upwards its annual revenue objective to €650 million, growing almost 27% compared to 2017. This objective reflects:

- An organic growth between 17% to 18%;
- A negative impact of exchange rates of 0.6%;
- A contribution from the acquisitions (net from divestments) between 9 to 10%.

The Group confirms its operating margin objective of more than 11% of 2018 revenue.

## **Next press release**

2018 full year results: March 12<sup>th</sup>, 2019 after market closing.

## Appendix

### Quarterly revenue by region

In millions of euros	Q3 2018	Q3 2017 restated	9m 2018	9m 2017 restated
<b>France</b>	<b>76.6</b>	<b>54.9</b>	<b>232.3</b>	<b>174.5</b>
Variation	39.5%		33.1%	
L-f-I variation	32.0%		25.8%	
<b>Northern Europe &amp; Benelux</b>	<b>36.3</b>	<b>31.6</b>	<b>115.3</b>	<b>91.8</b>
Variation	14.8%		25.6%	
L-f-I variation	14.1%		13.2%	
<b>Central Europe</b>	<b>20.3</b>	<b>14.4</b>	<b>53.3</b>	<b>42.2</b>
Variation	40.9%		26.2%	
L-f-I variation	21.6%		19.3%	
<b>Iberia &amp; Latam</b>	<b>10.5</b>	<b>6.8</b>	<b>26.4</b>	<b>20.7</b>
Variation	54.3%		27.5%	
L-f-I variation	10.8%		14.1%	
<b>Rest of the world</b>	<b>10.7</b>	<b>9.3</b>	<b>30.9</b>	<b>28.1</b>
Variation	14.9%		10.3%	
L-f-I variation	15.8%		17.4%	
<b>Corporate &amp; other</b>	<b>(0.5)</b>	<b>0.2</b>	<b>(2.2)</b>	<b>0.1</b>
<b>Divestments</b>	<b>1.3</b>	<b>1.8</b>	<b>5.6</b>	<b>5.5</b>
<b>Total</b>	<b>155.2</b>	<b>119.2</b>	<b>461.7</b>	<b>363.0</b>
Variation	30.3%		27.2%	
L-f-I variation	22.4%		19.7%	
Currency impact	-0.2%		-0.8%	
Perimeter impact	8.0%		8.3%	

Of which impact of significant acquisitions:

In millions of euros	Q3 2018	Q3 2017	9m 2018	9m 2017
<b>France</b>	<b>4.1</b>		<b>12.7</b>	
D2SI, consolidated as of 1 October 2017	3.5		10.9	
Progis, fully consolidated as of 1 January 2018	0.4		1.2	
Altius Services, consolidated as of 1 February 2018	0.2		0.6	
<b>Northern Europe &amp; Benelux</b>	<b>0.3</b>		<b>12.3</b>	
TMNS, consolidated as of 1 July 2017 (estimate)			11.9	
Paradigmo, consolidated as of 1 July 2018	0.3		0.3	
<b>Central Europe</b>	<b>2.8</b>		<b>2.8</b>	
Alegri, consolidated as of 1 September 2018	2.8		2.8	
<b>Iberia &amp; Latam</b>	<b>3.0</b>		<b>3.0</b>	
New BIC, consolidated as of 1 July 2018	0.7		0.7	
Bold, consolidated as of 1 September 2018	2.3		2.3	

## Utilization rate of internal resources

Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017	Q1 2018	Q2 2018	Q3 2018
83.2%	84.3%	85.4%	85.3%	84.6%	85.6%	84.4%	84.1%

## Changes in exchange rates

For €1	Average rate 9m 2018	Average rate 9m 2017	Variation
UAE dirham	4.386	4.091	-6.7%
Swiss franc	1.161	1.095	-5.7%
Czech koruna	25.574	26.548	3.8%
Danish krone	7.450	7.437	-0.2%
Pound sterling	0.884	0.873	-1.2%
Moroccan dirham	11.161	10.893	-2.4%
Mexican peso	22.738	21.009	-7.6%
Norwegian krone	9.588	9.236	-3.7%
Zloty	4.249	4.265	0.4%
Tunisian dinar	3.040	2.651	-12.8%
Turkish lira	5.510	4.003	-27.3%
US dollar	1.194	1.114	-6.7%

## Glossary

Restated: restated in accordance with IFRS 15 related to revenue from contracts with customers.

France: France.

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

Central Europe: Austria, Switzerland excluding TMNS, Czech Republic, Germany and Poland.

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 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 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.

## ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

As a pure player for Digital Transformation of leading organisations across EMEA, our 6,500+ 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 will achieve yearly revenues of €650 million in 2018 (e).

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.com](http://www.devoteam.com)