

Q1 2019 revenue strongly increasing by 22.8%, including 11.7% organically, at €188.6 million

- **Reinforcing its European positioning in Google Cloud technologies with the ongoing acquisitions of Avalon Solutions and g-company**
- **Accelerating our investments on Artificial Intelligence**

Paris, 21 May 2019

In millions of euros	Q1 2019	Q1 2018
Revenue	188.6	153.7
Variation	22.8%	
L-f-l variation	11.7%	

L-f-l: at comparable perimeter and exchange rates.

Devoteam (Euronext Paris: DVT) achieved revenues of €188.6 million in the first quarter of 2019, growing 11.7% organically compared to the first quarter of 2018.

At current perimeter and exchange rates, the Group revenues increased by 22.8% on the first three months of the year, including 0.3 point of positive effects from currency fluctuations (UAE Dirham mainly). Changes in perimeter had a positive impact of 10.8 points on the quarterly growth, with a net contribution to Group revenues of €16.5 million.

The performance in the first quarter of 2019 continued the good business dynamic from last quarter. It was also linked with Google and AWS activities, respectively growing 22% and 33% compared to the first quarter of 2018, on a like-for-like basis.

The Group also reinforced its positioning as Google Cloud leader on the European market by acquiring Avalon Solutions in the Nordics and finalizing the acquisition of g-company in Benelux.

Speedboats¹ also grew rapidly and contributed to the Group growth, up to 2.3 points.

Devoteam accelerates its capabilities in Artificial Intelligence (AI) strengthening its capacity to support clients:

- Appointment of Aymen Chakhari (MIT AI PhD) as Group AI Director. Building on his experience at Paypal and Intel, he will be responsible for developing the “AI Project Industrialization” offer which will seek to deploy at scale and continuously improve algorithms at customers. AI becomes a key element for the Group strategy, whether to supervise IT, optimize cybersecurity or improve the collective intelligence of organizations.
- Launch of “Catalix by Devoteam”, the AI school for business, led by Thomas Houdaille. Relying on a unique learning ecosystem (experts, practitioners, startups...), Catalix by Devoteam will develop a set of offers which will benefit decision makers, managers and business project managers, and look to make AI a genuine lever for creating business value within organizations.

With this acceleration on AI, Devoteam insists on the importance of its “Tech for People” vision: the responsibility to shape technology for people.

In this perspective, Devoteam enriches its Foundation “Tech for People” program. This initiative aims to support associations and social entrepreneurs in their digital strategy. It is a strong highlight on the Group’s commitment to promote responsible and positive technology.

Analysis of Q1 2019 revenue by segment

The Group’s revenue growth is supported by **France** and **Northern Europe & Benelux**² segments, respectively achieving 13.9% and 10.4% organic growth.

¹ Cf. Glossary.

² In the 2019 organization, TMNS Switzerland is reclassified from Northern Europe & Benelux segment to Central Europe segment.

The **Rest of the world** segment reported organic revenue growth of 30.8%, at €13.3 million in the first quarter of 2019.

The **Central Europe**³ segment remained stable compared to the first quarter of 2018 with revenues of €20.7 million. The Group has started to combine the operations of its three German entities and to transform Alegri from a “horizontal offer based” to a “vertical regional P&L driven” organization, which weighed on the performance of the segment.

Iberia & Latam segment generated €16.5 million revenues, with an organic growth of 2% compared to the first quarter of 2018. It was impacted by the transfer of around twenty people to Bold, the subsidiary consolidated as of 1 July 2018, and consequently decreasing the organic growth.

Headcount and utilization rate

As of 31 March 2019, the Group employs 7 206 people. The headcount increased by 231 people over the first quarter of 2019, supported by France and Iberia & Latam segments.

The ratio of billable headcount to total headcount was 85.2% as of 31 March 2019, almost stable compared to 31 December 2018.

The utilization rate of internal resources stood at 82.4%, in the same range than the fourth quarter of 2018 at 82.7%.

2019 outlook

Considering the performance over the first quarter of 2019 in the continuity of the previous quarter, the Group revises upwards its annual revenue objective of €774 million following the acquisition of Avalon Solutions and maintains its operating margin objective at 11.3%.

The application of IFRS 16 standard starting 1 January 2019, has no significant impact on the Group performance monitoring, with an accretive effect less than 10 basis points on operating margin.

³ In the 2019 organization, TMNS Switzerland is reclassified from Northern Europe & Benelux segment to Central Europe segment.

Financial Calendar

Press release after market closed		Shareholders' meeting	Dividend payment
Q2 2019	Q3 2019		
3 September 2019	5 November 2019	14 June 2019	5 July 2019

Appendix

Pro forma information for 2018 revenue and operating margin, following reclassification of TMNS Switzerland from Northern Europe & Benelux segment to Central Europe segment

In millions of euros	Q1 2018 restated	Q1 2018 presented*	Q2 2018 restated	Q2 2018 presented*	Q3 2018 restated	Q3 2018 presented*	Q4 2018 restated	Q4 2018 presented*
Northern Europe & Benelux								
Group contribution	39.3	39.8	38.7	39.3	35.7	36.3	49.5	50.1
Central Europe								
Group contribution	13.2	12.7	12.4	11.8	15.2	14.6	22.3	21.7

In millions of euros	H1 2018 restated	H1 2018 presented*	9m 2018 restated	9m 2018 presented*	2018 restated	2018 presented*
Northern Europe & Benelux						
Group contribution	78.0	79.0	113.7	115.3	163.2	165.4
Operating margin	6.7	6.7			13.9	13.8
In % of Group contribution	8.6%	8.5%			8.5%	8.4%
Central Europe						
Group contribution	25.6	24.6	40.8	39.1	63.1	60.8
Operating margin	2.8	2.7			6.8	6.8
In % of Group contribution	10.8%	11.1%			10.7%	11.2%

*Segment Northern Europe & Benelux presented in September 2018 for Q1, Q2 and H1 2018, presented in November 2018 for Q3 and 9m 2018, and presented in March 2019 for Q4 and full year 2018. Segment Central Europe presented in March 2019.

Revenue and operating margin by segment

In millions of euros	Q1 2019	Q1 2018
France	89.0	78.2
Variation	13.9%	
L-f-I variation	13.9%	
Northern Europe & Benelux	49.8	39.3
Variation	26.7%	
L-f-I variation	10.4%	
Central Europe	20.7	13.2
Variation	56.7%	
L-f-I variation	-0.8%	
Iberia & Latam	16.5	7.8
Variation	113.1%	
L-f-I variation	2.0%	
Rest of the world	13.3	9.8
Variation	35.7%	
L-f-I variation	30.8%	
Corporate & other	(0.7)	(0.7)
Divestments	-	6.1
Total	188.6	153.7
Variation	22.8%	
L-f-I variation	11.7%	
Currency impact	0.3%	
Perimeter impact	10.8%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2019	Q1 2018
Northern Europe & Benelux	6.5	
Paradigmo, consolidated as of 1 July 2018	0.3	
Jayway, consolidated as of 1 October 2018	6.1	
Central Europe	7.6	
Alegri, consolidated as of 1 September 2018	7.6	
Iberia & Latam	8.6	
New BIC, consolidated as of 1 July 2018	1.0	
Bold, consolidated as of 1 September 2018	7.6	

Utilization rate of internal resources

Q1 2018	Q2 2018	Q3 2018	Q4 2018	2018	Q1 2019
85.6%	84.4%	84.2%	82.7%	84.2%	82.4%

Changes in exchange rates

For €1	Average rate Q1 2019	Average rate Q1 2018	Variation
UAE dirham	4.171	4.514	8.2%
Swiss franc	1.132	1.165	2.9%
Czech koruna	25.683	25.402	-1.1%
Danish krone	7.464	7.447	-0.2%
Pound sterling	0.873	0.883	1.2%
Moroccan dirham	10.857	11.318	4.3%
Mexican peso	21.806	23.037	5.6%
Norwegian krone	9.742	9.634	-1.1%
Zloty	4.302	4.179	-2.8%
Serbian dinar	118.192	118.436	0.2%
Swedish kronor	10.419	9.971	-4.3%
Tunisian dinar	3.409	2.961	-13.2%
Turkish lira	6.110	4.690	-23.2%
US dollar	1.136	1.229	8.2%

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.

Central Europe: Austria, Switzerland, 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.

Divestments: in 2018, the segment includes Shift deconsolidated from 1 September 2018 and Siticom GmbH deconsolidated from 31 December 2018.

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.

Attrition rate: number of billable employees leaving the Group during the period compared to the average billable headcount over the same period.

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SMACS: Social Mobile Analytics Cloud Security.

Free cash flow: operating cash flow reduced by the acquisition of tangible and intangible assets.

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.

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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