

# Shareholder's letter



## EDITORIAL

### "We confirm our bet on growth"

Madam, Sir, dear shareholder,

The year 2019, which ends in a few days' time, was marked by a more difficult economic environment against a backdrop of slowing world growth, the Sino-American trade confrontation or, closer to home in Europe, uncertainties related to Brexit. This economic environment inevitably slows down business investment and weighs on demand for consulting services.

While the slowdown in performance was limited to the financial services sector at end-2018, the slowdown gradually spread to other areas such as industry and retail, with decision-making times tending to lengthen, mission sizes reduced, and budgets tighten. However, even if growth prospects are deteriorating, corporate margins are holding up quite well and transformation projects are continuing at our clients' sites.

The firm's growth at end- H1 2019/20, ending on September 30 2019, reflects this less buoyant market environment, with organic revenue growth of 1%. Nevertheless, our latest acquisitions, Metis Consulting in France and WGroup in the United States, enabled us to boost business growth to 7% over the first half.

In addition to growth, we were able to demonstrate good resilience in our profitability, with an EBIT margin of 10.6%, boosted in particular by the increase in our sales prices and the promising integration of WGroup, which delivered an excellent performance in its first months of integration.

In a more demanding market context, we intend to maintain high performance levels on the commercial front in 2020 and continue our redeployment towards the sectors and accounts with the highest potential, particularly in the energy, transport and public sectors. In addition, our teams remain focused on the key active issues for our clients: operational efficiency, digitalization, data, artificial intelligence, and cybersecurity.

As we are confident about the results of the actions we have been pursuing over several months, we also decided to keep up pace in terms of recruitment, giving priority to preserving our growth potential for the coming years.

Finally, looking beyond the financial framework, I would like to highlight the firm's performance in the Gaïa Rating 2019. Wavestone has once again placed 1<sup>st</sup> in the category of companies with revenues between €150 million and €500 million. A distinction that is in line with our Wavestone 2021 strategic plan, with one of the 4 objectives is to put the firm in the top 3 in its category for Corporate Social Responsibility (CSR).

On behalf of all Wavestone employees, I would like to wish you a very happy festive season and send you my best wishes for the 2020.

Yours faithfully, Sir, Madam, dear shareholder.

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#### 2019/20 half-year results

## Acquisition of WGroup

**This acquisition accelerates the international development of Wavestone in the US, in line with Wavestone's 2021 Strategic Plan.**

Founded in 2004 and headquartered in Philadelphia, Pennsylvania, WGroup is an IT executive management consultancy focused on delivering IT strategy, cost optimization, and operational improvement advisory services to IT leaders in large enterprises across North America.

The Company's experience spans multiple verticals such as Healthcare and Insurance, Media & Entertainment, Global Manufacturing, Retail and Financial Services.

### Key figures

2018 revenue	2018 adjusted EBITDA margin	Permanent employees
\$26.1m	~15%	~50 PERSONS



#### Pascal Imbert, Wavestone's CEO

*"The US is a bellwether market in the consulting industry. We were impressed by WGroup's leadership team and its ability consistently to expand its client base. We are eager to start working with WGroup's team and thrive together seizing new opportunities in the US".*

#### Jeffrey Vail, WGroup's CEO

*"After laying a 15-year foundation of persistent organic growth delivering world-class executive IT advisory to some of the best clients in the world, we've reached an inflection point. We are an ambitious team with our sights set on achieving market-leadership in the US market. To do so, we needed to deliver more service lines, greater breadth of expertise, around-the-globe capability, and overall, enhance our value to clients. Merging with Wavestone gives us this opportunity - today".*

## NEWS

## Wavestone ranked top in the 2019 Gaïa Index

The results of the 11<sup>th</sup> Gaïa Index ratings were announced on Monday, October 14, 2019 at the Palais Brongniart in Paris. For the 10<sup>th</sup> year running, Wavestone was listed among the top 70 French SMEs and mid-tier firms ranked on the basis of their Environmental, Social and Governance (ESG) performances. After coming in first in its category in 2017 and 2018, Wavestone was rated leader, once again, in this year's rankings for companies with annual revenues of between €150m and €500m.



Séverine Hassler, Wavestone's CSR manager

**"CSR is at the core of our strategy. It is one of the pillars of Wavestone's 2021 strategic plan and all our employees are committed to achieving this objective. Our approach is one of progress, implementing new initiatives every year. In 2019, for example, we formed a Disability Program, composed of internal employees and an external expert, whose role is to provide personalized support to employees affected by disability and improve their day-to-day lives."**

VÉLIGO LOCATION

## Launch of a new mobility offer in the Greater Paris Region based on electric-assisted bicycles



### A key assignment for Wavestone

The assignment carried out for La Poste group (member of the FLUOW consortium involved in the Véligo Rental offer) includes two of the four priority areas identified as priorities by the firm. As a reminder, the four priority areas are: the bank of the future, Government modernization, and, as this project illustrates, new mobilities and the energy transition.

### Véligo Location offer

In order to promote the use and development of alternative sustainable soft mobility, Île-de-France Mobilités has created Véligo Location, a rental service for Electrically Assisted Bicycles (EAB). Since September 2019, 10,000 bicycles have been gradually made available for long-term rental (6 months) throughout the region, at the standard rate of €40 per month (of which €20 reimbursed by the employer). Discounted rates are also available. The offer includes a bike provision, maintenance and repair service.

### A Wavestone team offering vast expertise

The Wavestone team was involved in all phases of the offer's launch: from pre-registration (early June 2019) to the service's opening on September 11. It continues to support FLUOW in the next production implementation phases, resulting in a functionally enhanced information system made available to clients and employees.

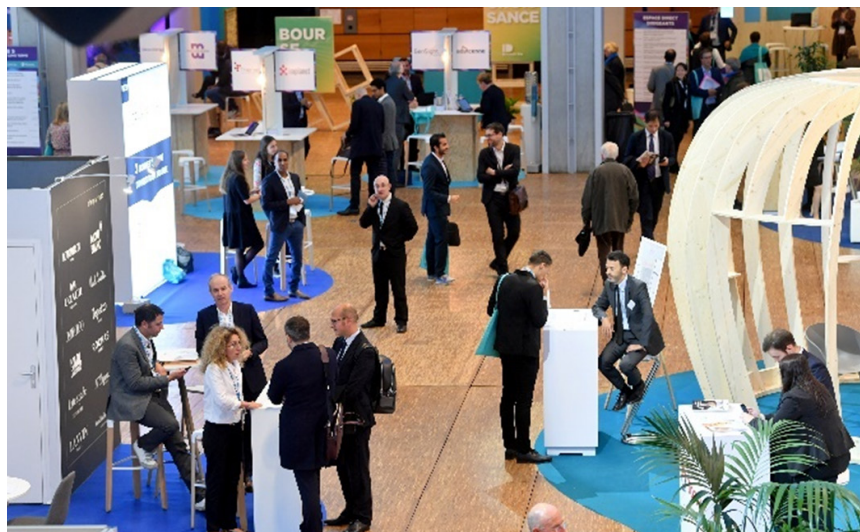
EVENT

## A look back at the 1<sup>st</sup> edition of Investir Day

**Wavestone participated in the 1<sup>st</sup> edition of Investir Day, on October 3, 2019, at the Carrousel du Louvre in Paris.**

This day, organized by Les Echos and dedicated to investors and shareholders, brought together nearly 4,000 participants. Some forty exhibitors attended, as well as distinguished guests (Pierre Moscovici, Agnès Pannier-Runacher, and many more), serving up a rich program made up of conferences, shareholder meetings, and pitching contests.

Wavestone's team was active at the event, helping you discover or rediscover the firm, specifically its business and outlook.



NEXT KEY DATE:

**SHAREHOLDERS' CLUB MEETING ON APRIL 2, 2020, AT TOUR FRANKLIN (PARIS LA DÉFENSE)**

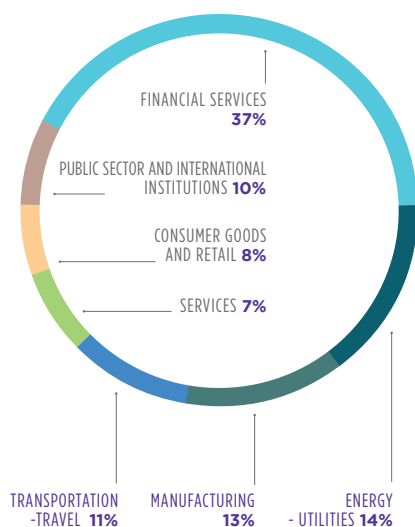
## Income statement

Consolidated audited data at 9/30 (in €m)	H1 2019/20	H1 2018/19	Change
<b>Revenue</b>	<b>194.5</b>	<b>182.6</b>	<b>+3%</b>
<b>EBIT</b>	<b>20.7</b>	<b>19.9</b>	<b>+4%</b>
<i>EBIT margin</i>	<i>10.6%</i>	<i>10.9%</i>	
<b>Operating income</b>	<b>18.6</b>	<b>18.5</b>	<b>+1%</b>
<b>Group share of net income</b>	<b>9.3</b>	<b>10.6</b>	<b>-13%</b>
<i>Net margin</i>	<i>4.8%</i>	<i>5.8%</i>	

## H1 2019/20 key figures

Revenue	EBIT margin	Group share of net income	Employees	Dividend
€194.5m	10.6%	€9.3m	3,262	€0.23
				per share

## Breakdown of revenue by sector 2018/19



## Top-20 clients 2018/19

SOCIÉTÉ GÉNÉRALE	9%
BNP PARIBAS	7%
EDF	7%
SNCF	6%
LA POSTE	5%
CRÉDIT AGRICOLE	4%
TOTAL	4%
UGAP	3%
SANOFI	3%
BPCE	2%
ENGIE	2%
AXA	2%
SAINT GOBAIN	2%
PSA	1%
RENAULT	1%
L'ORÉAL	1%
AMF	1%
ALSTOM	1%
ALLIANZ	1%
CHANEL	1%

## Stock market data at December 6, 2019

Share price: €25	ISIN Code: FR0013357621
Number of shares: 20,196,492	SRD: long only
Market capitalization: €505m	Reuters: WAVE.PA
Stock market information:	Bloomberg: WAVE.FP
Euronext (Paris) / Compartment B	Indices: CAC Mid & Small, CAC Small, CAC Technology,
Mnemonic: WAVE	EnterNext®, PEA-PME 150, European Rising Tech

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