

Paris, 19 May 2020

Q1 2020 revenue grew 8.9% organically to €207 million

- Revenue expected to decline by 5% to 7% in Q2 2020 compared to Q2 2019
- Business activity in the second half of the year should remain severely disrupted
- Devoteam awarded EMEA “Reseller Partner of the Year” by Google Cloud

In millions of euros	Q1 2020	Q1 2019
Revenue	207.0	188.6
Variation	9.7%	
L-f-I variation	8.9%	

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

Q1 2020 revenue

Devoteam (Euronext Paris: DVT) reported revenue of €207 million for the first quarter of 2020, growing at 9.7% of which 8.9% organically compared to the first quarter of 2019. The working day impact over the quarter was favorable by +0.9 day, representing around 1.5 point of growth.

The first quarter of 2020 was in line with the previous quarter’s performance, with solid growth momentum in all regions of the Group except for Central Europe, due to the reorganisation of activities in Germany realised at the end of 2019.

On 31 March 2020, the Group employed 7,658 professionals, including 85.8% billable employees. This ratio was stable compared to 31 December 2019.



In the first quarter of 2020, there were 96 net recruitments, mainly in the Northern Europe & Benelux and Iberia & Latam regions, despite an attrition rate of 31.6%. The utilization of internal resources stood at 82.3%, negatively impacted by the lockdown since mid-March.

Q2 2020 revenue

The Group forecasts a 5% to 7% decrease in revenue over the second quarter of 2020 compared to the same period last year. France, Germany and the Netherlands will be the countries most impacted with a drop in revenue between 10% and 15%. At this stage, the other regions are not experiencing significant declines in their activities.

The most impacted industries are aerospace, non-financial services and the automotive.

During the second quarter of 2020, the headcount is expected to decrease by about 150 employees. The utilization rate is down by 5 to 7 points and the Group does not foresee an improvement before the fourth quarter.

Since the beginning of the health crisis, the Group has resorted to short-time work plans in several countries, mitigating the economic impacts on its activities.

The operating margin for the first half of 2020 is expected to be above 6%.

The restructuring costs should amount to circa 0.7% of the revenue in the first half of 2020.

2020 outlook

At this stage and given the context, the Group faces a significant drop in the volume of unweighted commercial opportunities in France and Germany, as well as a prolonged suspension of projects during the summer holidays. Therefore, the third quarter activity should remain severely disrupted.

In addition, the banking sector, which accounts for more than 20% of the Group's activities, remains at risk for France, Iberia & Latam and Luxembourg. The Group's activities in the Middle East could also be impacted by the fall in oil prices.



As a consequence, given the current low visibility, Devoteam is not in a position to disclose annual objectives and will only communicate on a quarterly basis for 2020.

Financial structure

The Group keeps a healthy financial position with a net cash of €70.6 million at the end of April, added to €105 million in undrawn credit lines.

Business

In April 2020, Google Cloud awarded Devoteam the title of EMEA "Reseller Partner of the Year 2019"

Devoteam has been rewarded for its achievements in the Google Cloud ecosystem, helping its customers drive their digital transformation towards the Cloud and make their workspaces mobile, collaborative and digital.

Certification plan

Devoteam continues to accelerate its certification plan during the lockdown period and aims to obtain more than 3,000 certifications by the end of the year on its strategic partners' technologies (ServiceNow, Google, AWS, Microsoft, Salesforce), including around 300 on Kubernetes.

Covid-19: Devoteam's data scientists have published a study based on the AI modeling of Covid-19 pandemic mortality in [France](#) and [Germany](#).

Financial calendar

Press release after market closed		Shareholders' meeting
Q2 2020	Q3 2020	
8 September 2020	10 November 2020	5 June 2020



Appendix

Quarterly revenue by region

In millions of euros	Q1 2020	Q1 2019
France	95.5	89.0
Variation	7.2%	
L-f-I variation	7.2%	
Northern Europe & Benelux	56.3	49.8
Variation	13.1%	
L-f-I variation	11.2%	
Central Europe	19.7	20.4
Variation	-3.5%	
L-f-I variation	-3.7%	
Iberia & Latam	19.6	16.3
Variation	19.9%	
L-f-I variation	16.5%	
Rest of the world	17.3	13.3
Variation	29.7%	
L-f-I variation	26.2%	
Corporate & other	(1.4)	(0.7)
Divestments	0.0	0.5
Total	207.0	188.6
Variation	9.7%	
L-f-I variation	8.9%	
Currency impact	-0.1%	
Perimeter impact	0.9%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2020	Q1 2019
Northern Europe & Benelux	1.5	
Avalon Solutions, consolidated as of 1 April 2019	1.5	



Utilization rate of internal resources

Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020
82.3%	83.1%	84.0%	84.5%	83.5%	82.3%

Changes in exchange rates

For €1	Average rate Q1 2020	Average rate Q1 2019	Variation
UAE dirham	4.050	4.171	3.0%
Swiss franc	1.067	1.132	6.1%
Czech koruna	25.631	25.683	0.2%
Danish krone	7.472	7.464	-0.1%
Pound sterling	0.862	0.873	1.2%
Moroccan dirham	10.638	10.857	2.1%
Mexican peso	22.092	21.806	-1.3%
Norwegian krone	10.465	9.742	-6.9%
Zloty	4.324	4.302	-0.5%
Serbian dinar	117.554	118.192	0.5%
Swedish kronor	10.669	10.419	-2.3%
Singapore dollar	1.528	1.536	0.5%
Tunisian dinar	3.129	3.409	8.9%
Turkish lira	6.743	6.110	-9.4%
US dollar	1.103	1.136	3.0%

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, Avalon Solutions in Poland, in Singapore and in the USA.



Central Europe: Austria, Switzerland, Czech Republic, Germany and Slovakia.

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 2019, it includes NauOn (Bold) deconsolidated from 30 June 2019, Devoteam Poland deconsolidated from 1 July 2019, and Precise Lda and EHC Lda deconsolidated from 1 November 2019. In 2020, it includes Catalix deconsolidated from 1 April 2020.

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 its 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 l-f-l 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.

SMACS: Social Mobile Analytics Cloud Security.

Free cash flow: operating cash flow reduced by the acquisition of tangible and intangible assets. From 1 January 2019, the operating cash flow is restated of IFRS 16 "leases" to maintain the lease payments in operating cash flow.

Net cash (debt): cash position net of all financial debts, excluding debts related to operating leases under IFRS 16 "leases".



ABOUT DEVOTEAM

At Devoteam, we deliver innovative technology consulting for business.

As a pure player for Digital Transformation of leading organisations across EMEA, our 7,600 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 €761.9 millions in 2019.

At Devoteam, we are Digital Transformakers.

Devoteam SA (DVT) is listed in the B Compartment of Euronext Paris (ISIN : FR 0000073793), part of indices CAC All Shares, CAC All-Tradables, CAC Mid&Small, CAC Small, CAC SOFT. & C.S., CAC TECHNOLOGY and ENT PEA-PME 150.

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