

Paris, 10 November 2020

## Devoteam achieved revenue of €174.8 million in the third quarter of 2020 decreasing 4.5% organically

- Slight reduction of the annual organic revenue guidance to €751 million and operating margin maintained above 9%
- Tender offer on Devoteam's shares opened on 27 October 2020

In millions of euros	Q3 2020	Q3 2019	9m 2020	9m 2019
Revenue	174.8	182.1	562.1	555.4
Variation	-4.0%		1.2%	
L-f-I variation	-4.5%		1.0%	

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

### Q3 2020 revenue

Devoteam (Euronext Paris: DVT) reported revenue of €174.8 million for the third quarter of 2020, decreasing 4% of which 4.5% organically compared to the third quarter of 2019. The currency impact was unfavorable for 0.8 point of growth in the quarter. The working day impact over the quarter was favorable representing around 0.3 point of growth.

At constant scope and exchange rates, consolidated revenues for the first nine months of the year increased by 1%. The working day impact was favorable for 0.8 point partly balancing the negative currency effect of 0.5 point (mainly Norwegian krone). The changes in perimeter had a marginal impact of 0.7 point on the growth of the Group revenue.



## Analysis of Q3 2020 revenue by region

**France** was down 7% over the third quarter with a utilization rate decreasing by 5 points compared to last year and an increase in the vacation rate impacting the revenue negatively.

The **Northern Europe** region posted an organic decline of 1.5%, reflecting a sharp drop in activities in the Netherlands and the United Kingdom partially balanced by good performances in Belgium and Sweden.

The **Central Europe** region decreased by 20.9%, impacted by the significant reduction of the utilization rate in Germany, principally in the automotive sector.

The **Iberia & Latam** region increased by 7.3% organically, driven by the Portuguese and Spanish businesses.

The **Rest of the World** region grew 10.5% organically, primarily in Morocco.

## Headcount and utilization rate

On 30 September 2020, the Group employed 7,484 professionals, of which 85.8% billable resources. This ratio was stable compared to 30 June 2020.

Headcount reduced by 95 professionals during the third quarter of 2020 compared to the previous quarter closing. The attrition rate rose slightly from 24.1% in the second quarter of 2020 to 25.2% in the third quarter.

The utilization of internal resources stood at 79,5% in the third quarter of 2020, an increase of 1.2 point compared to the previous quarter, but still 4.5 points lower than the performance in the same period last year.

## Changes in scope

Devoteam finalised the sale of its non-strategic minority stake in Between in the Netherlands. The disposal has no impact on the Group revenue and operating margin.



## Update on the tender offer

The French financial market authority (Autorité des marchés financiers – AMF) issued its clearance to the public tender offer on October 13, 2020 and granted its visa to Castillon offer document and Devoteam’s response document on the same day. The documents providing details on the other information relating to the legal, financial, accounting and other characteristics of ‘Castillon’ and Devoteam have been filed with the AMF and were published on October 26, 2020 in accordance with Article 231-28 of the AMF General Regulation.

As from October 27, 2020, Devoteam shareholders (Euronext Paris: DVT) are able to tender their shares to the tender offer initiated by Devoteam’s founders with the support of KKR, through the dedicated company named ‘Castillon’.

The closing date of the offer has been set by the AMF on November 30, 2020.

Documents relating to the tender offer are available on Devoteam's website<sup>1</sup>.

## 2020 outlook

In an economic environment which remains very uncertain and with the resumption of lockdown in Europe, the Group anticipates weaker than expected business recovery prospects in the fourth quarter of 2020. Devoteam slightly reduces its annual organic revenue objective to around €751 million. Including acquisitions, the Group expects revenue close to €756 million.

The extension of short-time work measures in the fourth quarter should support the Group's operating margin at a level slightly above 9% and contain restructuring charges below 0.5% of revenue through the end of 2020.

## Next press release

2020 full year results: March 9<sup>th</sup> 2021, after market close.

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<sup>1</sup> [26 October 2020 Press Release](#)



## Appendix

### Quarterly revenue by region

In millions of euros	Q3 2020	Q3 2019	9m 2020	9m 2019
<b>France</b>	<b>77.8</b>	<b>83.6</b>	<b>251.4</b>	<b>258.6</b>
Variation	-7.0%		-2.8%	
L-f-I variation	-7.0%		-2.8%	
<b>Northern Europe &amp; Benelux</b>	<b>48.7</b>	<b>47.6</b>	<b>158.1</b>	<b>147.3</b>
Variation	2.4%		7.3%	
L-f-I variation	-1.5%		6.1%	
<b>Central Europe</b>	<b>16.2</b>	<b>20.5</b>	<b>53.1</b>	<b>60.8</b>
Variation	-21.1%		-12.8%	
L-f-I variation	-20.9%		-12.7%	
<b>Iberia &amp; Latam</b>	<b>18.0</b>	<b>16.6</b>	<b>57.0</b>	<b>49.3</b>
Variation	8.5%		15.4%	
L-f-I variation	7.3%		13.2%	
<b>Rest of the world</b>	<b>15.1</b>	<b>14.3</b>	<b>46.2</b>	<b>40.4</b>
Variation	5.8%		14.6%	
L-f-I variation	10.5%		14.6%	
<b>Corporate &amp; other</b>	<b>(1.0)</b>	<b>(0.8)</b>	<b>(3.7)</b>	<b>(2.7)</b>
<b>Divestments</b>	<b>-</b>	<b>0.3</b>	<b>0.0</b>	<b>1.6</b>
<b>Total</b>	<b>174.8</b>	<b>182.1</b>	<b>562.1</b>	<b>555.4</b>
Variation	-4.0%		1.2%	
L-f-I variation	-4.5%		1.0%	
Currency impact	-0.8%		-0.5%	
Perimeter impact	1.4%		0.7%	

Of which impact of significant acquisitions:

In millions of euros	Q3 2020	Q3 2019	9m 2020	9m 2019
<b>Northern Europe &amp; Benelux</b>			<b>3.9</b>	
Avalon Solutions, consolidated as of 1 April 2019			1.5	
Inviso, consolidated as of 1 July 2020	1.7		1.7	
Fourcast, consolidated as of 1 August 2020	0.7		0.7	



## Utilization rate of internal resources

Q1 2019	Q2 2019	Q3 2019	Q4 2019	2019	Q1 2020	Q2 2020	Q3 2020
82.3%	83.1%	84.0%	84.5%	83.5%	82.3%	78.3%	79.5%

## Changes in exchange rates

For €1	Average rate 9m 2020	Average rate 9m 2019	Variation
UAE dirham	4.132	4.127	-0.1%
Swiss franc	1.068	1.118	4.7%
Czech koruna	26.384	25.702	-2.6%
Danish krone	7.458	7.464	0.1%
Pound sterling	0.885	0.884	-0.2%
Moroccan dirham	10.814	10.792	-0.2%
Mexican peso	24.523	21.634	-11.8%
Norwegian krone	10.712	9.771	-8.8%
Zloty	4.422	4.301	-2.7%
Serbian dinar	117.580	117.928	0.3%
Swedish kronor	10.558	10.568	0.1%
Singapore dollar	1.564	1.533	-1.9%
Tunisian dinar	3.177	3.317	4.4%
Turkish lira	7.599	6.339	-16.6%
US dollar	1.125	1.124	-0.1%

## 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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