

## Press release

### 2017 results increasing strongly, above targets:

- **Organic growth of 10% yearly and nearly 15% in Q4**
- **Net income Group share increasing 26% in 2017**
- **Rapid acceleration in headcount growth**

Paris, 7 March 2018

In millions of euros <sup>(1)</sup>	2017	2016 restated <sup>(2)</sup>	2016 presented <sup>(3)</sup>	Variation <sup>(4)</sup>	Organic variation <sup>(5)</sup>
<b>Revenue</b>	<b>540.4</b>	<b>479.4</b>	<b>555.7</b>	<b>+12.7%</b>	<b>+9.6%</b>
<b>Operating margin</b>	<b>54.0</b>	<b>45.3</b>	<b>47.0</b>	<b>+19.0%</b>	
In % of the revenue	10.0%	9.5%	8.5%	+0.5 pt	
<b>Operating income</b>	<b>43.9</b>	<b>36.3</b>	<b>38.0</b>	<b>+21.1%</b>	
In % of the revenue	8.1%	7.6%	6.8%	+0.6 pt	
<b>Net income - Group share</b>	<b>25.0</b>	<b>19.8</b>	<b>19.8</b>	<b>+26.4%</b>	
Diluted earnings per share <sup>(6)</sup>	€3.15	€2.54	€2.54	+24.1%	
<b>Net cash at closing<sup>(7)</sup></b>	<b>47.5</b>	<b>59.5</b>	<b>59.5</b>	<b>-€12.0m</b>	

<sup>(1)</sup>The financial statements presented in this press release have been approved by the Supervisory Board on 5 March 2018 and are currently being certified by the Group Auditors.

<sup>(2)</sup>Restated from Between: in accordance with IFRS 5 related to assets held for sale, the operations of Between have been classified on a single line of the income statement named "Net result of discontinued operations, net of tax". As a consequence, these operations are not included in the revenue and the operating income.

<sup>(3)</sup>In the full-year 2016 press release.

<sup>(4)</sup>Based on 2016 restated.

<sup>(5)</sup>At comparable perimeter and exchange rates, based on 2016 restated.

<sup>(6)</sup>Based on the weighted average number of shares for the year.

<sup>(7)</sup>Cash position net of all financial debts.

Devoteam (Euronext Paris: DVT) achieved a sharp increase in revenues and operating margin and ended the fiscal year 2017 above the annual objectives. Revenues grew nearly 13% over the year to €540.4 million. Excluding the changes in scope and exchange rates, it grew nearly 10% despite the effect of fewer working days in 2017. In the fourth quarter of 2017, the revenues increased by almost 15% organically against the same period in 2016.

The operating margin also improved and increased strongly by 50 basis points compared to 2016. It stood at €54.0 million and represented 10.0% of the annual revenues in 2017.

The Group share of net income improved by 26.4% in 2017 compared to 2016. It stood at €25.0 million and €3.15 of diluted earning per share.

2017 showed significant success with our 3 strategic partners, announced in Scale! 2020 strategic plan, enabling Devoteam to accelerate its “pure-player” positioning on digital transformation, notably on IT operational excellence with ServiceNow, on collaborative solutions with Google, and on Cloud and DevOps Open Source technologies with Red Hat.

With ServiceNow, the Group enhanced its market position in 2017 by becoming a “Gold Sales” and “Gold Services” partner, thus becoming one of ServiceNow’s Top 10 partners worldwide and the only one to have this rank in Europe. The past IT modernisation projects done by IT departments are now extending to other business operations and functions (e.g., human resources, client relationship...) that are looking to simplify, smoothen, optimize and automate their processes. Devoteam has also inaugurated an International Center of Excellence based in Prague in 2018, which will serve as an innovation lab on the ServiceNow technology.

With Google, the Group was awarded “Google Cloud Platform Provider Partner” , showing its commitment on collaborative solutions and Public Cloud technologies. Devoteam has successfully deployed numerous migration projects including the largest Google solutions deployment worldwide, with Auchan.

With Red Hat, the Group also enhanced its market position by becoming the first European partner to get the “Premier Business Partner” status in 5 different countries in 2017. Thanks to this partnership, Devoteam accelerates the necessary IT transformation: Cloud infrastructure migration (Private Cloud implementation, multi-Cloud orchestration...); application modernisation (microservices, containerization...); Agile developments and deployments approach generalization (DevOps).

After being ignited in 2016, the Group's business activity with Red Hat solutions has significantly developed over the last year, notably in the financial, energy or in the telecommunications sectors. In addition, the acquisition of TMNS in 2017 enabled Devoteam to strengthen its position in Europe and extend this partnership in the Netherlands.

## Results for the year 2017

The Group generated **revenues** of €540.4 million in 2017, growing 9.6% at constant scope and exchange rates compared to the previous financial year.

During the fourth quarter of 2017, the Group generated revenues of €158.7 million, representing a 14.6% organic growth compared to the fourth quarter of 2016. The quarterly growth was mainly supported by France and the SMACS activities, despite the effect of fewer working days (-0.2 days).

The **operating margin** increased by 50 basis points in the year 2017. It stood at €54.0 million and 10.0% of the revenues, against €45.3 million and 9.5% in 2016. It benefited from increased margins in Denmark and Germany, and from the high growth rate of France, the most profitable region of the Group.

The **operating result** amounted to €43.9 million and included the following costs:

- Costs of share-based payments and amortization of intangible assets from acquisitions for €2.5 million;
- Restructuring costs for €3.1 million (Germany, Spain, France);
- Goodwill write downs for €2.0 million (Netherlands and Germany mainly);
- Loss on assets held for sale for €1.3 million (write-off of intra group debt and termination costs);
- Other non current expenses for €1.3 million (advisory fees mainly).

The **financial result** remained stable in 2017 compared to 2016 at -€2.3 million.

**Tax expenses** amounted to €15.0 million and this represented 35.9% of the profit before tax of the continuing operations, compared with 34.9% in 2016. The tax expenses included the effect of local taxes (mainly CVAE in France) for €3.0 million.

The **Group share of net income** increased by 26% in 2017 to €25.0 million and the diluted earning per share was €3.15 (up 24% compared to 2016).

On 31 December 2017, the **net cash** of the Group was €47.5 million.

## **Headcount and utilization rate**

On 31 December 2017, the Group employed 5 195 people. During the fourth quarter of 2017, 134 people from D2SI entered the Group, from 1 October 2017, and 53 productive people in the Middle East were requalified as internal resources.

Excluding the changes in scope and method, the headcount increased by 256 people. It represented a strong increase compared to the average of 84 net recruitments over the last seven quarters. The strong increase in the headcount had no impact on the utilization rate of internal resources. In the fourth quarter of 2017, it stood at 85.5% excluding divestments, and 1.4 point above the fourth quarter of 2016.

The ratio of billable headcount to total headcount was stable over the quarter, and year-on-year, at 86.3%.

## **Changes in scope 2017**

The Group pursues its strategy to reduce its exposure to the telecom sector. On 1 October 2017, Devoteam spun off its German trading telecoms activities and kept 35% of the shares in the newly created subsidiary, Siticom GmbH. The business contributed €13 million approximately to the 2017 consolidated revenues and remains fully consolidated given the Group's activities in financing the subsidiary. The other part of the German activities are still owned by the Group through wholly owned subsidiaries.

During the fourth quarter of 2017, the Group also finalized the disposal of Between.

## **Application of IFRS 15 from 1 January 2018**

The application of IFRS 15 on 1 January 2018 should impact the purchase and resale activity that the Group may carry out, particularly with its strategic partners. Some or all of the revenues (currently estimated between 0 and 5%) will be recorded based on the gross margin of the contract. It will reduce the consolidated revenues of the Group, without changing the euro amounts of the operating income, the net income or the cash flows of the Group.

## 2018 outlook

Considering the performance of the fourth quarter of 2017, a good start to 2018, a stable economic environment and constant accounting methods, the Group aims at achieving revenues above €615 million in 2018 primarily through:

- Organic growth above 10%, which is above the range disclosed in the strategic plan Scale! 2020;
- A negative exchange rate impact of 0.7%;
- Contribution from the 2017 acquisitions of 4.4%.

The operating margin should continue to improve and stand close to 10.5% of the revenues.

The restructuring costs should not be higher than 0.5% of the revenues.

## Dividend and financial calendar

A 50% increase in dividend at 0.90 euro per share related to the year 2017 will be proposed to next Shareholders' meeting on 18 May 2018.

Press release after market closed			Shareholders' meeting	Dividend payment
Q1 2018	Q2 2018	Q3 2018		
16 May 2018	5 September 2018	14 November 2018	18 May 2018	18 June 2018

## Appendix

### Pro forma information of the profit and loss statement

In millions of euros	2017	2016 restated	2016 presented
<b>Continuing operations</b>			
<b>Revenue</b>	<b>540.4</b>	<b>479.4</b>	<b>555.7</b>
<b>Operating margin</b>	<b>54.0</b>	<b>45.3</b>	<b>47.0</b>
In % of the revenue	10.0%	9.5%	8.5%
Cost of share based payment & impact of acquisitions (amortization of intangibles)	(2.5)	(1.7)	(1.7)
Current operating income	51.5	43.6	45.3
In % of the revenue	9.5%	9.1%	8.2%
Non current restructuring costs	(3.1)	(4.3)	(4.3)
Operating Profit before M&A and other non current costs	48.4	39.4	41.1
In % of the revenue	9.0%	8.2%	7.4%
M&A & other non current costs	(2.5)	(2.0)	(2.0)
Impairment, badwill	(2.0)	(1.1)	(1.1)
<b>Operating income</b>	<b>43.9</b>	<b>36.3</b>	<b>38.0</b>
In % of the revenue	8.1%	7.6%	6.8%
Financial result	(2.3)	(2.4)	(2.4)
Share of profit from associates	0.1	0.1	0.1
Income before tax	41.7	34.0	35.7
In % of the revenue	7.7%	7.1%	6.4%
Income tax	(15.0)	(11.9)	(12.3)
<b>Discontinued operation</b>			
Profit (loss) from discontinued operation, net of tax	2.5	1.3	-
<b>Net income</b>	<b>29.3</b>	<b>23.4</b>	<b>23.4</b>
In % of the revenue	5.4%	4.9%	4.2%
Net income - Group share	25.0	19.8	19.8
Basic earnings per share	€3.15	€2.54	€2.54
Diluted earnings per share	€3.15	€2.54	€2.54

## Quarterly revenue by region

In millions of euros	Q1 2017 restated	Q1 2016 restated	Q2 2017	Q2 2016 restated	Q3 2017	Q3 2016 restated	Q4 2017	Q4 2016 restated	2017	2016 restated
<b>France</b>	<b>67.7</b>	<b>56.2</b>	<b>64.5</b>	<b>58.6</b>	<b>61.4</b>	<b>54.4</b>	<b>80.1</b>	<b>63.0</b>	<b>273.8</b>	<b>232.3</b>
Variation	20.5%		10.0%		12.9%		27.1%		17.9%	
L-f-I variation	20.5%		10.0%		12.9%		18.5%		15.6%	
<b>Northern Europe &amp; Benelux</b>	<b>32.6</b>	<b>28.4</b>	<b>29.2</b>	<b>30.0</b>	<b>32.0</b>	<b>26.3</b>	<b>38.6</b>	<b>31.8</b>	<b>132.4</b>	<b>116.5</b>
Variation	14.6%		-2.7%		21.8%		21.4%		13.6%	
L-f-I variation	10.9%		-6.9%		1.6%		4.1%		2.4%	
<b>Central Europe</b>	<b>13.7</b>	<b>11.5</b>	<b>14.1</b>	<b>11.2</b>	<b>14.4</b>	<b>12.0</b>	<b>17.6</b>	<b>14.2</b>	<b>59.9</b>	<b>49.0</b>
Variation	18.8%		26.3%		20.0%		23.7%		22.3%	
L-f-I variation	11.0%		17.4%		19.7%		23.2%		18.1%	
<b>Rest of the world</b>	<b>17.3</b>	<b>16.4</b>	<b>17.8</b>	<b>21.6</b>	<b>17.1</b>	<b>19.0</b>	<b>21.6</b>	<b>19.5</b>	<b>73.8</b>	<b>76.5</b>
Variation	5.2%		-17.8%		-9.8%		11.0%		-3.5%	
L-f-I variation	5.4%		-17.8%		-6.5%		15.8%		-1.5%	
<b>Corporate &amp; other</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>0.1</b>	<b>(0.2)</b>	<b>0.7</b>	<b>1.1</b>	<b>0.4</b>	<b>0.8</b>
<b>Divestments</b>	<b>-</b>	<b>2.6</b>	<b>-</b>	<b>1.6</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>-</b>	<b>4.2</b>
<b>Total</b>	<b>131.2</b>	<b>115.1</b>	<b>125.3</b>	<b>123.0</b>	<b>125.2</b>	<b>111.6</b>	<b>158.7</b>	<b>129.7</b>	<b>540.4</b>	<b>479.4</b>
Variation	14.0%		1.9%		12.2%		22.4%		12.7%	
L-f-I variation	14.6%		1.3%		7.8%		14.6%		9.6%	

Of which impact of significant acquisitions:

In millions of euros	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	Q4 2017	Q4 2016	2017	2016
<b>France</b>							<b>5.4</b>		<b>5.4</b>	
D2SI, consolidated as of 1 October 2017							5.4		5.4	
<b>Northern Europe &amp; Benelux</b>	<b>1.1</b>		<b>1.6</b>		<b>5.4</b>		<b>5.9</b>		<b>14.0</b>	
HNCO, consolidated as of 1 July 2016 (estimate)	0.6		1.0						1.6	
Globicon, consolidated as of 1 July 2016 (estimate)	0.5		0.6						1.1	
TMNS, consolidated as of 1 July 2017					5.4		5.9		11.4	
<b>Central Europe</b>	<b>0.9</b>		<b>1.0</b>						<b>1.9</b>	
Q-Partners Consulting, consolidated as of 1 July 2016	0.9		1.0						1.9	

Discontinued operation:

In millions of euros	Q1 2017	Q1 2016	Q2 2017	Q2 2016	Q3 2017	Q3 2016	Q4 2017	Q4 2016	2017	2016
<b>Between</b>	<b>-</b>	<b>18.2</b>	<b>-</b>	<b>19.1</b>	<b>-</b>	<b>19.2</b>	<b>-</b>	<b>19.8</b>	<b>-</b>	<b>76.3</b>
Variation	-100.0%		-100.0%		-100.0%		-100.0%		-100.0%	
L-f-I variation	-100.0%		-100.0%		-100.0%		-100.0%		-100.0%	

## Revenue and operating margin by region

In millions of euros	H1 2017	H1 2016 restated	2017	2016 restated
<b>France</b>				
Group contribution	132.2	114.8	273.8	232.3
Operating margin	17.0	14.8	35.9	30.3
In % of Group contribution	12.9%	12.9%	13.1%	13.0%
<b>Northern Europe &amp; Benelux</b>				
Group contribution	61.8	58.4	132.4	116.5
Operating margin	4.6	4.3	9.8	8.9
In % of Group contribution	7.4%	7.4%	7.4%	7.6%
<b>Central Europe</b>				
Group contribution	27.8	22.7	59.9	49.0
Operating margin	2.4	1.7	5.4	3.9
In % of Group contribution	8.5%	7.5%	9.1%	8.1%
<b>Rest of the world</b>				
Group contribution	35.1	38.1	73.8	76.5
Operating margin	2.1	2.3	5.3	5.9
In % of Group contribution	5.9%	6.1%	7.1%	7.6%
<b>Corporate &amp; other</b>				
Group contribution	(0.4)	(0.2)	0.4	0.8
Operating margin	(0.6)	(1.1)	(2.4)	(3.6)
<b>Divestments</b>				
Group contribution	-	4.2	-	4.2
Operating margin	-	(0.1)	-	(0.1)
In % of Group contribution	-	-1.9%	-	-2.0%
<b>Total</b>				
Group contribution	256.5	238.1	540.4	479.4
Operating margin	25.4	22.0	54.0	45.3
In % of Group contribution	9.9%	9.2%	10.0%	9.5%

### Discontinued operation:

In millions of euros	H1 2017	H1 2016	2017	2016
<b>Between</b>				
Group contribution	-	37.3	-	76.3
Operating margin	-	0.7	-	1.7
In % of Group contribution	-	1.8%	-	2.3%

## Utilization rate of internal resources excluding divested entities

Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
82.9%	85.0%	85.5%	84.1%	84.3%	83.1%	84.4%	85.4%	85.5%	84.6%



## Net debt

In millions of euros	31.12.2017	31.12.2016
Short-term investments	0.1	10.3
Cash at bank*	82.1	81.7
Bank overdrafts (liability)	(2.7)	(1.0)
<b>Cash and cash equivalents</b>	<b>79.6</b>	<b>91.0</b>
<b>Cash management assets</b>	<b>0.3</b>	<b>1.7</b>
Bonds	(29.8)	(29.8)
Obligations under finance leases	(0.1)	(0.8)
Draw-downs on bank and similar facilities and other borrowings	(1.0)	(1.2)
<b>Long-term borrowings</b>	<b>(30.9)</b>	<b>(31.8)</b>
Bonds	(0.4)	(0.4)
Obligations under finance leases	(0.8)	(0.8)
Draw-downs on bank and similar facilities and other borrowings	(0.3)	(0.2)
<b>Short-term borrowings</b>	<b>(1.5)</b>	<b>(1.5)</b>
<b>Total borrowings</b>	<b>(32.4)</b>	<b>(33.2)</b>
Derivative instruments	-	-
<b>Net cash</b>	<b>47.5</b>	<b>59.5</b>
Of which cash from discontinued operations	1.8	-
<b>Total Equity</b>	<b>162.0</b>	<b>146.1</b>
<b>Debt to Equity Ratio</b>	<b>-29.3%</b>	<b>-40.7%</b>

\*Including factoring position (net of deposit) for € 13.8 million on 31 December 2017 and € 10.3 million on 31 December 2016.

## Changes in exchange rates

For €1	Average rate 2017	Average rate 2016	Variation
UAE dirham	4.149	4.065	-2.0%
Swiss franc	1.112	1.112	-
Czech koruna	26.326	27.033	2.7%
Danish krone	7.439	7.445	0.1%
Algerian dinar	125.854	121.123	-3.8%
Pound sterling	0.877	0.819	-6.6%
Moroccan dirham	10.949	10.851	-0.9%
Mexican peso	21.329	20.668	-3.1%
Norwegian krone	9.327	9.295	-0.3%
Zloty	4.257	4.363	2.5%
Serbian dinar	121.360	121.360	-
Tunisian dinar	2.719	2.374	-12.7%
Turkish lira	4.121	3.344	-18.9%
US dollar	1.130	1.107	-2.0%

## Glossary

Restated: restated from Between, in accordance with IFRS 5 "Non current assets held for sale and discontinued operations" which requires the net profits and losses of the activity to be presented as "Net result of discontinued operations, net of tax" in the consolidated income statement.

Between is a Dutch subsidiary specializing in "sourcing" of IT professionals.

France: French operations.

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

Central Europe: Austria, Czech Republic, Germany and Poland.

Rest of the world: Middle East, Algeria, Spain, Italy, Morocco, Mexico, Panama, Tunisia and Turkey.

Corporate: headquarter activities which cannot be allocated directly to the operational regions.

Divestments or divested entities: in 2016, divested activities include Grimstad activities in Norway, deconsolidated as of 1 May 2016, and Devoteam Genesis, deconsolidated as of 1 July 2016.

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 cost of share-based payments and the amortization of intangible assets resulting from acquisitions.

Like-for-like or I-f-I variation: variation at comparable perimeter and exchange rates.

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.

DevOps: IT organizations must become nimble and work together to stay relevant. The consumerization of IT has changed customer expectations and IT must adapt its culture and processes to deliver apps and features faster. With a complete DevOps strategy, organizations can begin the culture, process, and platform changes needed to meet the new demands. The result is an IT organization that can deliver business innovation faster. (Source: RedHat.com, 2018)

## **ABOUT DEVOTEAM**

At Devoteam, we deliver innovative technology consulting for business.

We are 5,200 professionals dedicated to ensuring our clients win their digital battles.

Present in 17 countries in Europe and the Middle East and drawing on 20 years of experience, we improve business performance making their companies truly digital. We build IT infrastructure for digital, and make sure people are along for the ride.

Devoteam achieves yearly revenue above €540 million.

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.fr](http://www.devoteam.fr)**