Press Release

Paris, December 5, 2017, 6pm

H1 2017/18 EBIT margin of 9.9%
Annual profitability objective revised upwards

At its meeting on December 4, 2017, the Wavestone Supervisory Board approved the consolidated half-year financial statements for the six months ended September 30, 2017 which are summarized below. A limited review of these accounts has been carried out by the company's statutory auditors.

Consolidated data at 09/30 (in €m) - Limited review	H1 2017/18	H1 2016/17 restated[1]	*Change*	H1 2016/17 published
Revenue	**166.5**	**162.0**	***+3%***	**162.0**
Operating income on ordinary activities *EBIT margin*	**16.4** *9.9%*	**15.8** *9.8%*	***+4%***	**15.8** *9.8%*
Amortization of customer relationships Other operating income and expenses **Operating income**	(1.3) 0.0 **15.2**	(1.3) (0.6) **14.0**	 ***+9%***	 (0.6) **15.2**
Cost of net financial debt Other financial income and expenses Income tax expenses	(1.0) (0.6) (5.6)	(1.1) (0.5) (5.5)		(1.1) (0.5) (5.9)
Group share of net income *Net margin*	**8.0** *4.8%*	**6.8** *4.2%*	***+17%***	**7.7** *4.7%*

[1] The column, "H1 2016/17 restated", takes into account the impact of the Purchase Price Allocation of Kurt Salmon's European activities (excluding consulting retail and consumer goods sectors) carried out after closing on 09/30/2016.

In H1 2017/18, Wavestone generated consolidated revenue of €166.5m, up 3% compared with the same period last year (on a like-for-like and constant forex basis). The negative working day impact amounts to -3%, consolidated over the entire period.

The half-year was marked by a muted first quarter, with revenue down 3%, due to a low consultant utilization rate and a negative working day impact of -4%. This was followed by a return to sustained growth of 10% in Q2, underpinned by a combination of headcount growth and improved utilization rates.

A new HR model that is beginning to deliver results

At September 30, 2017, Wavestone had 2,647 employees, compared with 2,628 at March 31, 2017.

Recruitment activity remains strong and in line with the annual hiring plan, despite an increasingly competitive labor market.

The staff turnover rate in H1 was 17% at an annual rate. The new HR models and processes put in place are enabling the firm to progressively bring unusually high levels of staff turnover in some teams under control. While remaining cautious about where this indicator will stand at the end of the year, the company's medium-term aim remains a staff turnover rate of less than 15%.

An improving consultant utilization rate

The utilization rate in H1 2017/18 stood at 77%, compared with 76% for the 2016/17 fiscal year. Progress in this area was confirmed and strengthened in Q2.

The average daily rate increased to €845 in H1, a stable performance compared with the previous year (also €845). Although the company has decided to make utilization rate the short-term priority, the trend in daily rates for the full year should be positive, with price rises of up to +1% now expected.

The order book represented 3.3 months of work at the end of September 2017, compared with 3.2 months at the end of June 2017.

EBIT margin of 9.9%

Operating income on ordinary activities for the half year amounted to €16.4m, up 4% from the previous year, despite the half-year's negative working day impact. The EBIT margin was 9.9%, compared with 9.8% a year earlier.

After the inclusion of €1.3m for the amortization of customer relationships for Kurt Salmon's European operations[1], and with practically no other operating income and expenses, operating income stood at €15.2m, up 9% from the previous half-year.

The cost of net financial debt decreased slightly to €1.0m. This is still essentially composed of the interest expense related to financing the acquisition of Kurt Salmon's European activities[1].

At the end of H1 2017/18, the group share of net income had risen 17% to €8.0m; it represents a net margin of 4.8%, compared with 4.2% a year earlier.

A steep but one-off deterioration in working capital

Wavestone recorded an unusual deterioration in its trade receivable position during H1. This was linked to delayed payment collection amounting to a sum of €20m compared with the firm's norms. The effects of this delay had been fully rectified by the end of November. Long-term control of accounts receivable nevertheless remains a high priority in the coming quarters.

This one-off deterioration penalized the half-year cash flow generated by operations, which amounted to -€14.4m, compared with -€7.4m a year ago.

Investment flows amounted to €1.5m. Financing operations accounted for €8.1m, including €3.0m in dividends paid at the end of July for the 2016/17 fiscal year, €4.7m in repayments of loans.

At September 30, 2017, the firm's consolidated equity amounted to €111.2m, and net financial debt stood at €76.4m, compared with €56.5m at March 31, 2017. By March 31, 2018, the company has an objective to reduce net financial debt to a level significantly lower than that at March 31, 2017.

Consolidated data (in €m) - Audited data	09/30/2017	03/31/2017
Non-current assets o/w goodwill	**161.2** 119.1	**164.0** 119.8
Current assets o/w trade receivable	**158.6** 133.6	**130.8** 111.2
Cash and cash equivalents	**14.5**	**38.7**
Total	**334.3**	**333.5**

Consolidated data (in €m) - Audited data	09/30/2017	03/31/2017
Shareholders' equity	**111.2**	**104.1**
Non-financial liabilities	**132.2**	**134.2**
Financial liabilities of which less than one year	**90.9** 10.9	**95.2** 9.4
Total	**334.3**	**333.5**

[1] excluding consulting in the retail and consumer goods sectors

A clearly established market dynamic

A dynamic of market growth has now been permanently established, driven by the rise of digital and an economic environment that is freeing up business investment.

The catalysts for this growth are numerous and powerful: mobile banking, industry 4.0, connected vehicles, but also artificial intelligence, cyber threats, regulatory requirements, or M&A activity.

Toward complete success of the Wavestone project

The stumbling blocks that the firm has faced in recent quarters are now well on the way to being resolved.

The challenges for H2 are to consolidate and strengthen the improvement in operating performance, to reinforce efforts in the company's priority areas—maintaining the momentum of the H1 breakthroughs on the bank of the future and connected vehicles, and to pursue activities related to new external growth, especially internationally.

Although question marks remain for Q4 of the fiscal year, progress in H1, combined with current market dynamics, has reinforced Wavestone's confidence in how the next six months will unfold.

At the end of the fiscal year, the firm should be able to confirm—as expected—the complete success of the Wavestone project.

EBIT margin objective revised upwards

At the end of H1, the annual objective of generating revenue greater than €350 million, excluding new acquisitions, has been clearly confirmed.

In profitability terms, Wavestone is revising upwards its initial objective of a double-digit EBIT margin and is now targeting an EBIT margin greater than 11%, excluding new acquisitions.

Next event: Q3 2017/18 revenue: Tuesday, January 30, 2018, after Euronext market closing.

About Wavestone

In a world where permanent evolution is the key to success, Wavestone's mission is to enlighten and partner business leaders in their most critical decisions.

Wavestone draws on some 2,600 employees across four continents. It is a leading independent player in European consulting, and the number one in France.

Wavestone is eligible for the PEA-PME [a French investment instrument that encourages individuals to invest in smaller and intermediate firms] In 2017, Wavestone was again recognized as a Great Place to Work®.

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Appendix 1: Consolidated income statement at 09/30/17

Audited consolidated data – IFRS standards (€k)	**09/30/17**	**09/30/16[3]**	**03/31/2017**
Revenue	**166,524**	**162,014**	**338,732**
Purchased consumed	7,735	7,168	14,751
Personnel Costs	117,449	112,980	231,029
External expenses	20,651	23,355	45,557
Levies and taxes	2,808	2,355	5,782
Net allocation for depreciation and provisions	1,159	-762	1,445
Other operating income and expenses	297	1,089	1,468
Operating income on ordinary activities	**16,426**	**15,829**	**38,699**
Amortization of client relationships	1,252	1,252	2,503
Other operating income and expenses	21	-625	-575
Operating income	**15,196**	**13,953**	**35,620**
Financial income	0	25	44
Cost of gross financial debt	951	1,149	2,101
Cost of net financial debt	**951**	**1,123**	**2,056**
Other financial income and expenses	-630	-526	-413
Pre-tax income	**13,614**	**12,304**	**33,151**
Income tax expenses	5,602	5,466	13,095
Net results	**8,012**	**6,838**	**20,055**
Minority interests	0	0	0
Group share of net income	**8,012**	**6,838**	**20,055**
Group share of net profit/loss per share (€) [1] [2]	1.62	1.39	4.07
Group share of diluted net profit/loss per share (€) [2]	1.62	1.39	4.07

(1) Number of shares weighted over the period.

(2) In accordance with IAS 33, net earnings per share at 09/30/16 and at 03/31/17 have been restated retrospectively, based on the number of shares at 09/30/17.

(3) The column, "09/30/16", includes retrospective amortization of customer relationships amounting to €1,252k; this represents Purchase Price Allocation made after closing on 09/30/16. Without the effect of this adjustment, operating income was €15,204k, pre-tax income was €13,555k, tax expenses were €5,883k, and group share of net income was €7,672k.

Appendix 2: Consolidated balance sheet at 09/30/17

Audited consolidated data – IFRS standards (€k)	**9/30/2017**	**03/31/2017**
Goodwill	119,115	119,761
Intangible assets	13,909	14,824
Tangible assets	17,805	18,719
Financial assets – more than one year	1,683	1,685
Other non-current assets	8,737	8,964
Non-current assets	**161,250**	**163,953**
Stocks	0	0
Account receivable (client)	133,567	111,179
Other receivables	25,010	19,668
Financial assets	0	0
Cash and cash equivalents	14,459	38,722
Current assets	**173,036**	**169,570**
Total assets	**334,286**	**333,523**
Capital	497	497
Issue and merger premiums, additional paid-in capital	11,218	11,218
Consolidated reserves and earnings	100,343	93,034
Conversion-rate adjustment	-902	-639
Total shareholders' equity, group share	**111,155**	**104,110**
Minority interests	0	0
Total equity	**111,155**	**104,110**
Long-term provisions	12,330	12,822
Financial liabilities - more than one year	80,049	85,763
Other non-current liabilities	510	312
Non-current liabilities	**92,888**	**98,897**
Short-term provisions	6,075	6,737
Financial liabilities - less than one year	10,852	9,424
Trade payable	19,834	15,414
Tax and social security liabilities	75,566	80,324
Other current financial liabilities	17,916	18,615
Current liabilities	**130,242**	**130,516**
Total liabilities	**334,286**	**333,523**

Appendix 3 : Consolidated cash flow statement at 09/30/17

Audited consolidated data – IFRS standards (€k)	**09/30/2017**	**Restated [3]** **09/30/2016**	**03/31/2017**
Consolidated net income	**8,012**	**6,838**	**20,055**
Elimination of non-cash elements			
Net depreciation and provisions	4,008	3,793	7,015
Net capital losses/gains from disposals	19	-6	-24
Other calculated income and expenses	-1,449	-1,578	-1,613
Cost of net financial debt	756	833	1,625
Gross cash flow margin [1]	**11,346**	**9,879**	**27,060**
Change in WCR	-25,717	-17,247	-2,319
Net cash flow from operations	**-14,372**	**-7,368**	**24,741**
Intangible and fixed asset acquisitions	-1,161	-4,010	-14,784
Asset disposals	22	12	55
Change in financial assets	1,111	-700	-1,778
Impact of changes in scope of consolidation [2]	-1,436	0	-1,974
Net cash flow from investments	**-1,464**	**-4,698**	**-18,480**
Dividends distributed to parent-company shareholders	-3,007	-2,014	-2,014
Dividends distributed to minority interests of consolidated companies	0	0	0
Loans received	276	1,019	1,745
Repayment of loans	-4,728	-361	-5,169
Net financial interest paid	-677	-774	-1,706
Other flows related to financing operations	0	0	0
Net cash flow from financing operations	**-8,136**	**-2,131**	**-7,145**
Net change in cash and cash equivalents	**-23,971**	**-14,197**	**-884**
Impact of translation differences	-313	-18	124
Opening cash position	38,657	39,417	39,417
Closing cash position	14,373	25,202	38,657

(1) Cash flow calculated after cost of net financial debt and tax.

(2) The line, "Impact of changes in scope of consolidation" corresponds to disbursements relating to the acquisition of the Kurt Salmon's activities.

(3) The Purchase Price Allocation was made after the closing on 09/30/16. At the time of this statement, no amortization of customer relationships had been recorded. In addition, after the publication of 03/31/17, the line, "Other flows related to financing operations" was allocated on three separate lines showing interest paid, loans received, and the repayments of loans. The corresponding impacts are presented in the column "09/30/16 restated."