

## Growth of 4% in Q4 2020/21 A strong end-of-year position

Revenue In €m - unaudited consolidated data	2020/21	2019/20	Change	Change at constant scope* and on a constant forex basis
Q1	94.4	98.3	-4%	-10%
Q2	92.4	96.2	-4%	-4%
Q3	111.8	112.7	-1%	+3%
Q4	119.1	114.9	+4%	+7%
Twelve-month total	417.6	422.0	-1%	-1%

\* Excluding WGroup, which has been consolidated since 08/01/2019.

### Annual revenue of €417.6m, a limited decline of -1%

In Q4 of the 2020/21 fiscal year (January 1 to March 31), Wavestone recorded a consolidated revenue of €119.1m, an increase of +4%. On a constant scope and forex basis, organic growth was +7% over the quarter.

The improvement in business activity, already visible in Q3, continued during the final months of the fiscal year – resulting in a fourth quarter that outperformed expectations.

Over the full 2020/21 fiscal year, Wavestone's consolidated revenue stood at €417.6m, exceeding the target of €410m set at the end of January. It amounts to a limited decline of -1% (the decline being identical at constant scope and exchange rates).

### Consultant utilization rate of 75% in Q4; and a rate of 71% for the 2020/21 fiscal year

Strong order intake since the summer of 2020, underpinned by revitalized business-development activity and the success of measures to minimize workflow disruption at the start of the 2021 calendar year, enabled the utilization rate to be maintained at a good level over the final quarter of the fiscal year.

It stood at 75% for the period, broadly stable compared with Q3, and in contrast to 68% in Q2, and 63% in Q1. Over the entire 2020/21 fiscal year, the consultant utilization rate was 71%, the same level as in 2019/20<sup>1</sup>.

### Prices moving toward stabilization in Q4, with a full-year decline in line with expectations

After three consecutive quarters of price erosion, the average daily rate stabilized in Q4.

It stood at €842 over the whole of the fiscal year, a decline of -4%, compared with the average sales price of €878 recorded for 2019/20. This decline is in line with the -3% to -5% range announced at the start of the fiscal year.

<sup>1</sup> As a reminder, these figures are directly comparable, because the use of furlough measures for the 2020/21 fiscal year does not feature in the calculation of the firm's consultant utilization rate.

### **3,453 employees at March 31, 2021**

At March 31, 2021, Wavestone had 3,453 employees, compared with 3,358 employees at December 31, 2020.

With the resumption of recruitment activity in September 2020, which was gradually extended to the entire firm, Wavestone achieved around 450 gross hires over the fiscal year, exceeding the target it had set itself (as a reminder: 400 hires).

The staff turnover rate stood at 11% for the year, compared with 12% at December 31, 2020 (on a rolling-twelve-month basis), and 14% for the 2019/20 fiscal year. Given the gradual improvement in market conditions, the company anticipates that turnover rate will rise again in the coming quarters, but has set the objective of limiting this to about 15% for the entirety of the 2021/22 fiscal year.

Over the 12-month period, the decline in Wavestone's workforce was limited to -1% (as a reminder: the firm had 3,498 employees at the end of March 2020), significantly less than the -5% decline posted at the mid-year point.

### **Net cash position<sup>2</sup> substantially positive at March 31, 2021**

Following the direction set in Q3, the firm's financial position continued to strengthen over the last quarter of the fiscal year.

At March 31, 2021, the company had net cash and cash equivalents<sup>2</sup> of about €32m<sup>3</sup>, and available cash of €88m<sup>3</sup>. As a reminder, the firm had net financial debt<sup>2</sup> of €15.6m at the end of September 2020, and €29.1m at the end of March 2020.

### **Reimbursement of furlough receipts**

Given Wavestone's solid results at the end of the 2020/21 fiscal year, and in line with the corporate social responsibility values the firm promotes, the Management Board, with the agreement of the Supervisory Board, will propose to shareholders, at the Annual General Meeting of July 27, 2021, that they approve the reimbursement of monies received under furlough arrangements.

These monies, received in France, the UK, Switzerland, and Luxembourg, amount to receipts of €3.2m over the fiscal year. As a result, EBIT for 2020/21 will include a provision of -€3.2m, which is equivalent to this amount.

### **Smartworking@Wavestone: imagining the future of work**

The public-health crisis has profoundly transformed the firm's ways of working and opened new perspectives on organizational design. For Wavestone, it has offered an opportunity to rethink how it practices its business activity, with the aim of improving the quality of work life, being able to better attract and retain talent, optimize the use of skills, while reducing the carbon footprint of activities.

As a result, Wavestone has initiated the Smartworking@Wavestone project, whose goal is to reinvent the organization of work, with all the firm's teams making an active contribution. As soon as health-related measures are lifted, the company will launch an experimental phase aimed at shaping this new framework; this will involve a collaborative process running for 12 to 18 months.

Smartworking@Wavestone should yield a new equilibrium between the time employees spend at Wavestone's offices, on client sites, homeworking, or in co-working spaces. In this context, the Management Board has already taken the decision to part with three of the seven floors the company presently occupies at its headquarters in La Défense.

This reduction, of around 40%, in the footprint of Wavestone's Paris offices will generate net annual savings of about €3m from the 2021/22 fiscal year on; these include reduced rental costs but also additional savings linked to the new organization of work.

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<sup>2</sup> Excluding lease liabilities

<sup>3</sup> Unaudited data

The decision will result in the accounts for the 2020/21 fiscal year showing an amount of -€8.3m for provisions and depreciation relating to future unoccupied premises. This amount, which has no impact on the cash position at March 31, 2021, will be recorded under "other operating expenses." It will therefore have no bearing on EBIT for the fiscal year just ended.

### **Maintaining a more bullish approach**

The end of the 2020/21 fiscal year saw Wavestone in a strong position, with, in particular, good levels of order intake. The order book stood at 4.1 months of work at March 31, 2021, showing further progress compared with its level at the end of December 2020 (3.9 months), and the end of March 2020 (3.5 months).

Given this strong momentum, Wavestone confirms a more bullish approach for the coming year, with the resumption of organic growth a priority.

While demand for consulting services remains tightly controlled by clients, the firm is currently capitalizing on an increased number of major transformation projects – something accelerated by the health crisis.

At a sectoral level, the trends Wavestone has already observed are firming month-on-month: pharmaceuticals, utilities, the public sector, insurance, and banking, are all driving demand, and will constitute the firm's growth markets in 2021. Conversely, demand remains sluggish in several sectors: transportation, automotive, and retail.

The company has also relaunched its external growth activity, with the objective of making one or two targeted acquisitions during the fiscal year; acquisitions in the United States are the priority, but this does not rule out tactical acquisitions in France.

### **A resilient EBIT margin in 2020/21**

Wavestone anticipates an EBIT margin of about 12.5%<sup>4</sup> in 2020/21, compared with 13.2% in 2019/20.

The objective of a double-digit EBIT margin over the year will therefore be comfortably met, while still making a provision of -€3.2m to cover the reimbursement of monies received under furlough arrangements.

Operating margin will remain above 10%, while taking full account of provisions and depreciation of the Smartworking@Wavestone project, and amortization of client relationships.

### **Initial indications for 2021/22**

The firm is now in a position to give initial indications of its objectives for the 2021/22 fiscal year: revenue of about €450m and an EBIT margin close to 13%.

The EBIT margin objective includes renewed expenses linked to growth, which will be partially offset by savings achieved through Smartworking@Wavestone. These objectives stand, regardless of any new acquisitions.

Wavestone will clarify its objectives for the 2021/22 fiscal year on June 1, 2021 – the date of publication of its 2020/21 annual results.

**Next event:** 2020/21 annual results, Tuesday, June 1, 2021 – after Euronext market closing.

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<sup>4</sup> Unaudited data

## About Wavestone

*In a world where knowing how to drive transformation is the key to success, Wavestone's mission is to inform and guide large companies and organizations in their most critical transformations, with the ambition of a positive outcome for all stakeholders. That's what we call "The Positive Way."*

*Wavestone draws on over 3,000 employees across 8 countries. It is a leading independent player in European consulting.*

*Wavestone is listed on Euronext, Paris.*

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