

Press release

Q1 2017 revenue at €150 million, strong organic growth of 14.5%¹

Acquisition of TMNS in the Netherlands to strengthen the “Agile IT Platform” offer of the strategic plan Scale!

Full-year guidance of revenue increased to nearly €600 million

Paris, May 16th 2017

In millions of euros	Q1 2017	Q1 2016
Revenue	149.9	133.4
Variation	12.4%	
L-f-I variation	12.9%	
L-f-I variation excluding Between	14.5%	

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

Devoteam (Euronext Paris: DVT) reported revenues of €149.9 million for the first quarter of 2017, a 14.5% increase compared to the first quarter of 2016, excluding changes in currency, scope and Between impact.

At current exchange rates and perimeter, consolidated revenues have increased by 12.4% during the first quarter. It included negative effects of currency for 0.1 point and perimeter for 0.4 point. The changes in scope comprised the activities of Grimstad in Norway and Genesis in Switzerland, divested in 2016, which contributed €2.6 million of consolidated revenues in the first quarter of 2016. The impact of the divestments was balanced by Q-

¹ Excluding Between.

Partners, HNCO and Globicon, the acquisitions consolidated as of July 1st 2016, which generated revenues of €2.0 million in the first quarter of 2017 (estimates for HNCO and Globicon).

The number of working days in the first quarter of 2017 was 4% (2.2 days) higher than last year with a positive impact on growth. Conversely, the second quarter of 2017 will show 5% working days less (2.8 days) compared to the second quarter of 2016.

Stanislas de Bentzmann, co-CEO of Devoteam, commented on the beginning of the year: "Following the good trend of 2016, the Group has grown revenues strongly in the first quarter of 2017 driven by the initiation of digital transformation projects by our clients. In parallel, the Group focuses on the deployment of its strategic plan Scale! with the acceleration of the SMACS activities growing 43% and the acquisition of TMNS in the Netherlands."

Analysis of Q1 2017 revenue by region

France reported revenues of €67.7 million in the first quarter of 2017, growing 20.5%. This acceleration was supported especially by the "cybersecurity" offer and the gain of many high value-added projects with leading players of the financial sector. It resulted from a dynamic market and the fact that Devoteam has been granted two French certificates, "CNIL Gouvernance" and "PASSI", showing the consultants' expertise in IT security.

Northern Europe & Benelux (excluding Between) achieved revenues of €32.6 million, growing 10.7% at constant exchange rates and perimeter, driven primarily in Denmark and Benelux.

The **Central Europe** region generated revenues of €13.7 million, representing an organic growth of 11.0%, thanks to the steady recruitment, the opening of new customer accounts in the finance sector and the growing business with Deutsche Telekom.

Rest of the world reported revenues of €17.3 million, growing 5.4% organically compared to the first quarter of 2016. The increase is mainly explained by the consulting activities in the Middle East.

The revenue of **Between**, the broker activity in the Netherlands, stood at €18.7 million in the first quarter of 2017 and grew 2.5% compared to last year, in accordance with the Group's expectation.

Headcount and utilization rate

On March 31st 2017, the Group employed 4 370 people compared to 4 229 people on December 31st 2016. The headcount increased by 141 people during the first quarter, including the insourcing of 32 nearshore administration people in Morocco.

The ratio of billable headcount to total headcount stood at 84.6% on March 31st 2017 and comprised a 0.6 point negative impact from the back-office insourcing. Despite this impact, the ratio improved compared to March 31st 2016.

The strong increase in the headcount did not alter the utilization rate of the Group. Excluding divested activities, the utilization rate was at 82.9% in the first quarter of 2017, constant compared to the first quarter of 2016.

Changes in scope

Devoteam acquired a 80% stake in TMNS and strengthens its positioning in Benelux, one of the four key areas of the strategy Scale!.

TMNS combines consulting and integration expertises in Enterprise Architect, API management and Devops which are essential solutions for the transformation and the urbanisation of core IT to enable the digitization of the business. The ability to bridge the legacy, predominantly on premise IT, with the Cloud space and third parties applications is key in large organizations' capacity to leverage past investments and existing assets while benefiting from new powerful business accelerators.

TMNS has 200 employees nearly and achieved revenues of about €18 million in 2016 with a profitability in line with the Group. The acquisition is consolidated as of June 1st 2017.

The transaction also includes the disposal of 20% stake in Devoteam Netherlands to the management team of TMNS.

2017 outlook

Taking into account the growth dynamic and the acquisition of TMNS, the Group increases its annual target of revenue to €595 million, representing a 8% organic growth excluding Between, against €580 million disclosed at the begin of the year. It includes a contribution of TMNS around €10 million over seven months. The Group maintains its target of operating margin close to 9% given that the profitability of TMNS is in line with the Group.

Financial calendar

Press release after market closed		Shareholders' meeting	Dividend payment
Q2 2017	Q3 2017		
September 6 th 2017	November 14 th 2017	June 16 th 2017	July 3 rd 2017

Appendix

Contribution of the regions to the revenue

In millions of euros	Q1 2017	Q1 2016
France	67.7	56.2
Variation	20.5%	
L-f-I variation	20.5%	
Northern Europe & Benelux	32.6	28.4
Variation	14.5%	
L-f-I variation	10.7%	
Central Europe	13.7	11.5
Variation	18.8%	
L-f-I variation	11.0%	
Rest of the world	17.3	16.4
Variation	5.2%	
L-f-I variation	5.4%	
Corporate	(0.1)	(0.1)
Between	18.7	18.2
Variation	2.5%	
L-f-I variation	2.5%	
Divestments	-	2.6
Total	149.9	133.4
Variation	12.4%	
L-f-I variation	12.9%	
L-f-I variation excluding Between	14.5%	

Of which contribution of the acquisitions:

In millions of euros	Q1 2017	Q1 2016
Northern Europe & Benelux	1.1	-
HNCO, consolidated as of July 1 st 2016 (estimate)	0.6	-
Globicon, consolidated as of July 1 st 2016 (estimate)	0.5	-
Central Europe	0.9	-
Q-Partners Consulting, consolidated as of July 1 st 2016	0.9	-

Utilization rate of internal resources excluding divested entities

Q1 2016	Q2 2016	Q3 2016	Q4 2016	2016	Q1 2017
82.9%	85.1%	85.5%	84.1%	84.4%	82.9%

Changes in exchange rates

For €1	Average rate Q1 2017	Average rate Q1 2016	Variation
UAE dirham	3.910	4.051	3.6%
Swiss franc	1.096	1.096	-
Czech koruna	27.021	27.038	0.1%
Danish krone	7.435	7.461	0.3%
Algerian dinar	117.472	119.018	1.3%
Pound sterling	0.860	0.770	-10.4%
Moroccan dirham	10.704	10.828	1.2%
Mexican peso	21.631	21.631	-
Norwegian krone	8.984	9.520	6.0%
Zloty	4.321	4.361	0.9%
Tunisian dinar	2.439	2.239	-8.2%
Turkish lira	3.937	3.247	-17.5%
US dollar	1.065	1.103	3.6%

Glossary

France: French operations.

Northern Europe & Benelux: Belgium, Denmark, United-Kingdom, Luxembourg, Netherlands excluding Between, 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. It also includes some non-significant remaining activities of the discontinued businesses in France (mainly outsourcing).

Between: the "Between" subsidiary in the Netherlands, specializing in "sourcing" of IT professionals, has a relatively volatile revenue to the extent that, according to the contracts concluded and the type of missions carried out, turnover recognized in the consolidated accounts is either gross margin contracts or the entire client billing. Consequently, the Group separates this activity to calculate its growth aggregates.

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

ABOUT DEVOTEAM

At Devoteam, we deliver **innovative technology consulting for business**.

We are 4,400 professionals dedicated to ensuring our clients win their digital battles.

Present in Europe and in the Middle East, 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.

In 2016, Devoteam achieved revenue of €556 million.

At Devoteam, we are **“Digital Transformakers”**.

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