

# 2020 Strategic Plan

January 19<sup>th</sup>, 2017



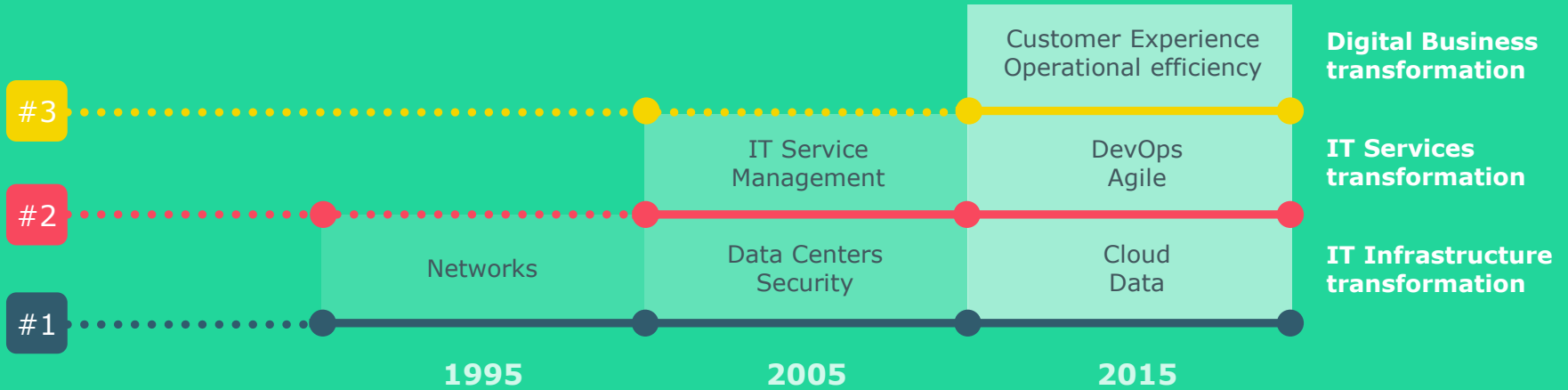
# Disclaimer

This presentation contains forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and/or profitability in the future. Actual events or results may differ from those described in this document.

Consequently the company cannot guarantee the accuracy and the completeness of said forward-looking statements due to a number of uncertainties, many of which the company is not aware of.

For additional information concerning any important factor that may cause the company's actual results to materially differ from expectations and underlying assumptions, please refer to the reports filed by the company with the "Autorité des Marchés Financiers » (AMF).

# Over the past 20 years we have chosen to be focused on **3 consecutive disruptive revolutions**



This has build our DNA as **Digital Transformakers**  
To help our customers win their digital battle



# We deliver **Innovative Technology Consulting** for Business



**4,100**  
Professionals

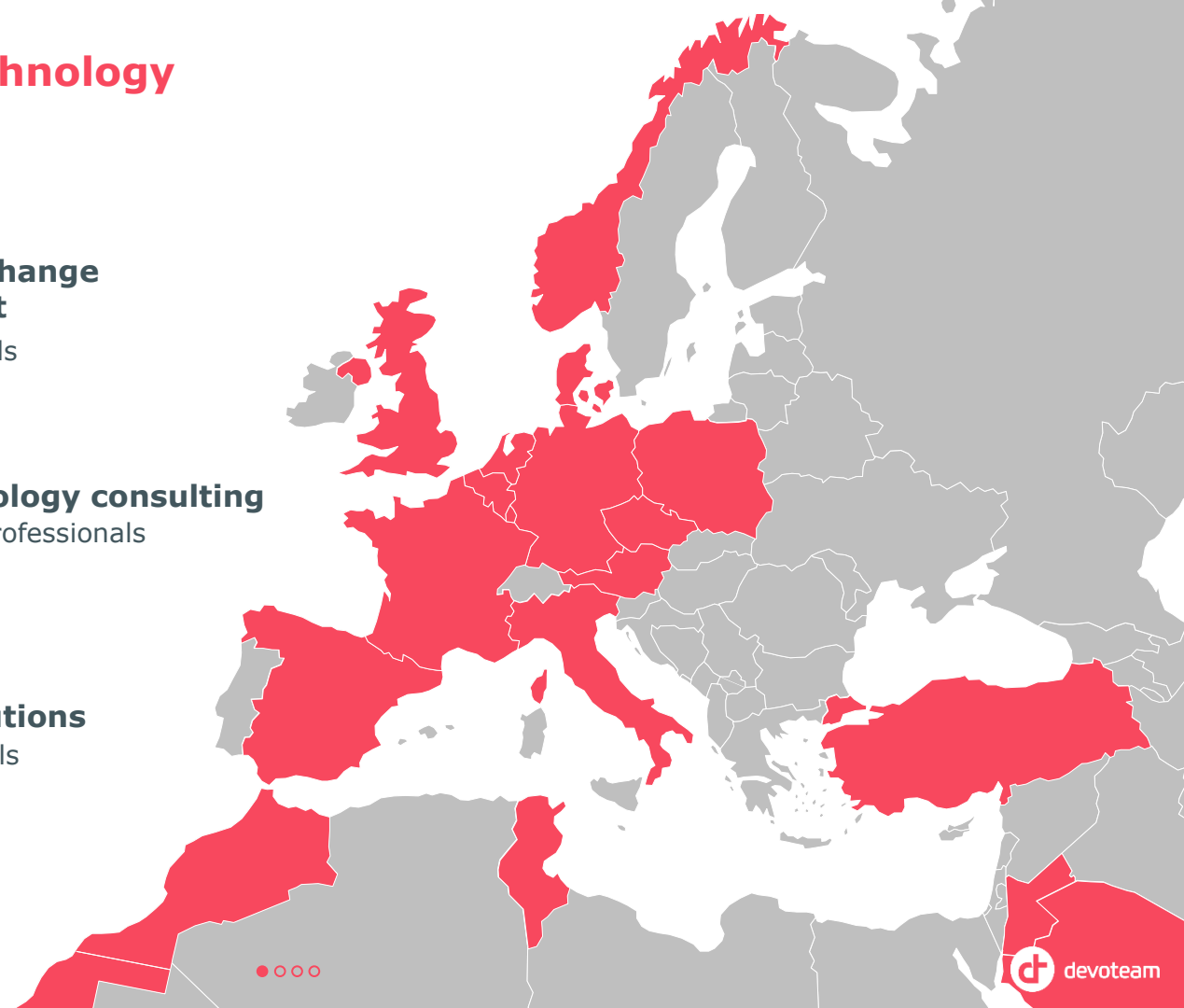
**17**  
Countries



**Program & change management**  
600 professionals

**Technology consulting**  
3,200 professionals

**Integration of cloud solutions**  
300 professionals



In **2012** we launched Eagle, a strategic plan focused on **growing our operating margin... and we did**

**Eagle  
ambition**

Op. Margin

from **3.5%** to **+/- 10%**  
of revenues



**2016  
updated  
landing**

About  
**8.5%**

(about 9.5%excl. Between)

Annual Growth

to **+/-10%**



**13%**

like for like

Free Cash Flow

from **3%** to **4%**  
of revenues

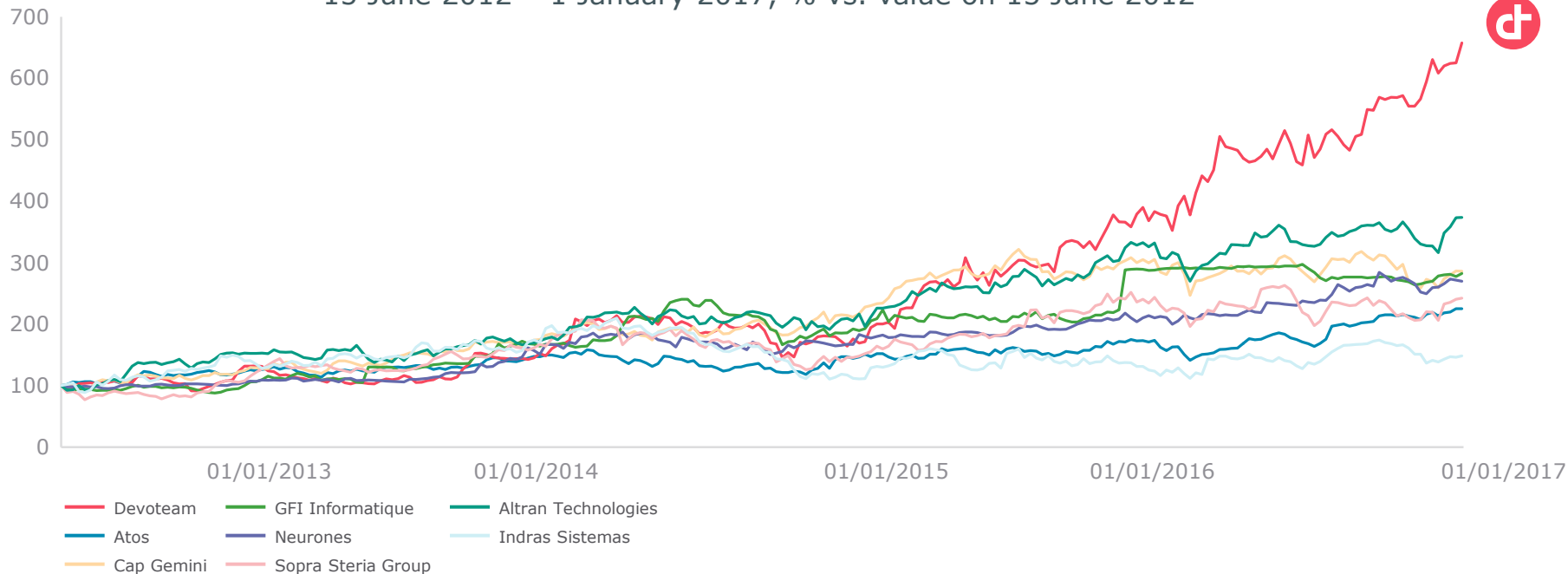


**+/-6%**

Since 2012, our **market capitalisation** has been growing at the **fastest rate** of all other European IT Services companies

## Share price evolution of European IT Services companies

15 June 2012 – 1 January 2017, % vs. value on 15 June 2012



Source: Thomson Reuters, OW Analysis

# Eagle has been an ambitious transformation program addressing **3 fundamental pillars of our activity**

## Redefined footprint

- **Reduced exposure** to the Telecom sector
- Exit from **non strategic countries** or activities
- **Growth of SMACS**
- **Focused** acquisitions

## Controlled operating models

- **Strong pricing & salary discipline**
- **Professionalized** account management
- **HR pyramid** management
- **Margin monitoring & upgraded financial** tools

## Long term sustainability

- One **brand** & shared **values**
- **Strong management** team



Performance full year 2016 is outstanding where we have deployed all the components

100%



FRANCE



12%  
Revenues  
I-f-I Growth

13%  
Op. M

80%



BELGIUM



12%  
Revenues  
Growth

9.5%  
Op. M



Eagle is an asset that **we will continue to use**



**2020 market vision  
and strategy**



## 4 market trends are driving our strategic choices for 2020



**Digital**  
@scale



**Agility**  
& **proximity**



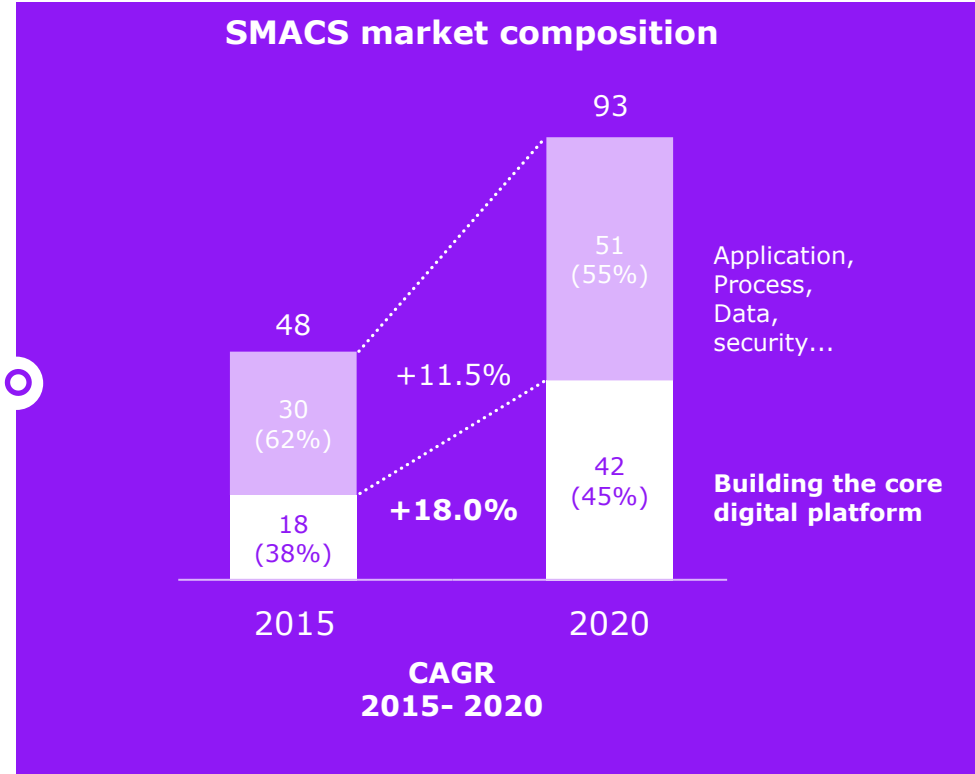
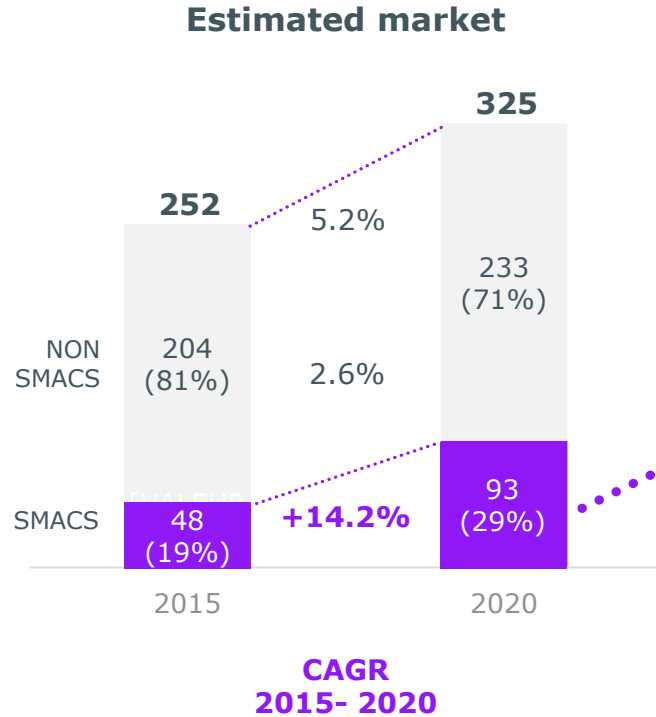
**Cloud**  
**platform**  
ecosystem



**A new**  
**generation**  
of CIO++



# The fast growing **SMACS** market, initiated by digital business needs, now also massively impacts the core **IT infrastructures**



Sources: Gartner, Oliver Wyman analysis | for 7 countries – FR. / GER. / UK. / SP. / DK. / BELG. / NL. - \$Bn



# Customers accelerate on SMACS

with new complementary agile multi local partners

## Traditional IT market

Cost reduction

Offshore

Industrialized

International coverage

Process, automation,  
services centers



Expected benefits

Labour model

Delivery model

Commercial model

Key assets



## SMACS market

Value

Multi local

Agile

Speed  
& reactivity

Skills, tools,  
methodologies

**14.2%**

2015-2020  
CAGR

Outsourcing  
activity  
in India

**16%**

2007-2011  
CAGR

**2.6%**

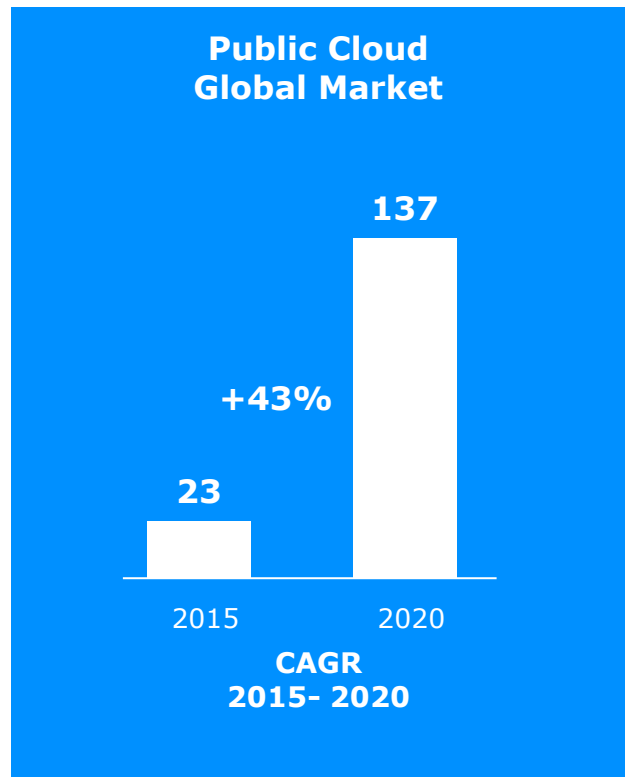
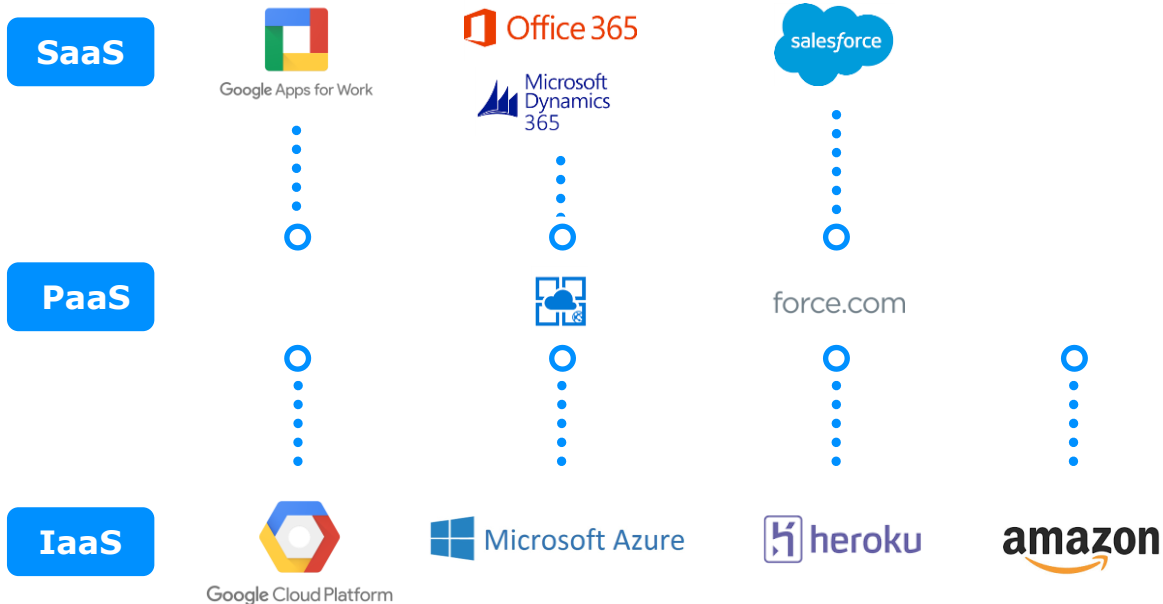
2011-2015  
CAGR

Sources: BMI 2017 | Gartner, Oliver Wyman analysis | for 7 countries - Fr / Ger / UK / Sp / Dk / Belg / NL



# The global cloud solutions providers invest massively to acquire major parts of the enterprise market

## Converging patterns



Source: Goldman Sachs - \$Bn



## After the shadow IT era, **CIOs** are taking a **leading role** to integrate **legacy & digital transformation**



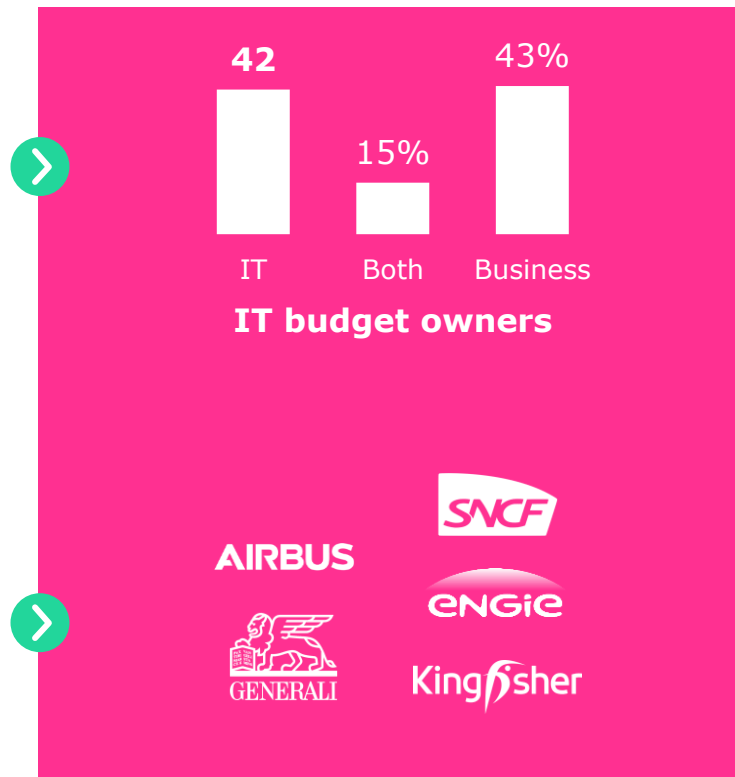
IT budgets' ownership is shared between **CIOs and Business**, with growing **collaboration**



CIOs are taking the responsibility to **industrialize, orchestrate and secure** the digital transformation



A **new generation** of "CIOs++" is emerging as Exco Member, integrating CDO functions



“ If the rate of change  
on the outside exceeds the rate  
of change on the inside,  
the end is near ”

**Jack WELCH**



# Scale!



...to be the preferred agile  
EMEA partner of large  
ambitious organizations in their  
IT & digital transformation



# We make clear choices, to Scale!



**Digital**  
@scale



**Agility**  
& **proximity**



**Cloud**  
platform  
ecosystem



**A new**  
generation  
of CIO++



**Be SMACS**  
Experts



**Stay**  
Multi Local



**Grow next to**  
Global Digital  
Accelerators



**Pursue our**  
focus on CIOs





# Scale! to grow our revenues on SMACS

> 70% SMACS group revenues  
excl. Between



7% TO 10%

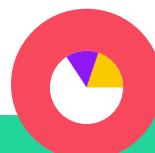
Annual organic growth  
excl. Between



Close to

€1Bn

Revenue in 2020,  
including + €200 M acquisitions



>10%

Op. Margin  
in 2020



+/-5%

Free Cash Flow as %  
of revenues

# Our 4 key levers to Scale!

3

## core growth offers

Agile IT Platform, Digital Workplace, Cyber Security

3

## Cloud centric group partners

Google, ServiceNow, Redhat

4

## priority investments hubs

France, Germany, Spain, Belgium



1

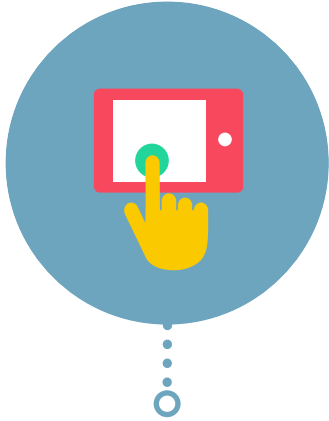
## growth enablement program

# 3

## core growth offers

Agile IT Platform, Digital Workplace, Cyber Security

3 core offers to be deployed in our **key geographies**  
in next **24 months**, and across the group by **2020**



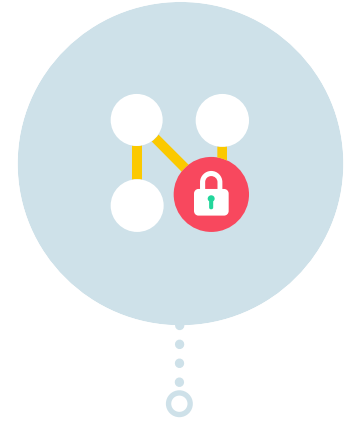
## Agile IT Platform

Transform core IT into an Agile and Service oriented digital platform



## Digital workplace

Create a work environment that makes employees more effective, and organisations more agile



## Cyber Security

Develop digital trust and answer business need for speed and agility through programs that optimize security levels

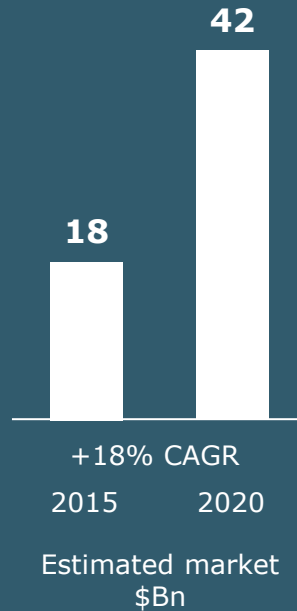


# Agile IT Platform

Transform Core Infrastructure into an Agile and Service Oriented Digital Platform

**+ 33 %**  
IT Budget dedicated  
to cloud Solutions  
*(Europe 2015 to 2020)*

**X 20**  
Number of  
Agile Project  
*(Europe 2015)*



## New IT operating models

*Innovate with continuity*

## New platforms & infrastructures

*Fit for fast change*

## New mindsets

*Cloud & DevOps*

## Key services in our offer pack

Digital Service Excellence

IT Operating  
model for Digital

Agile IT  
with Devops

Cloud Enabled Company

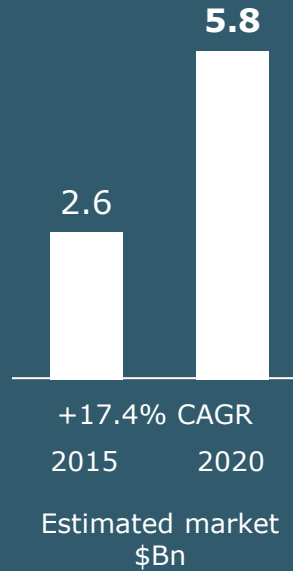
Source: Gartner, Oliver Wyman analysis | for 7 countries – FR. / GER. / UK. / SP. / DK. / BELG. / NL. - \$Bn

# Digital Workplace

Create a work environment that makes employees' work more effective,  
and organisations more agile

**X 3,5**  
Cloud Collaborative Tools Market  
*(Europe 2014 to 2020)*

From a technology-centric  
to a user-centric workplace



## Key services in our offer pack

Employee engagement

Collective  
& innovative intelligence

Desktops,  
devices, networks  
& workplaces

Communicate, store,  
share & collaborate

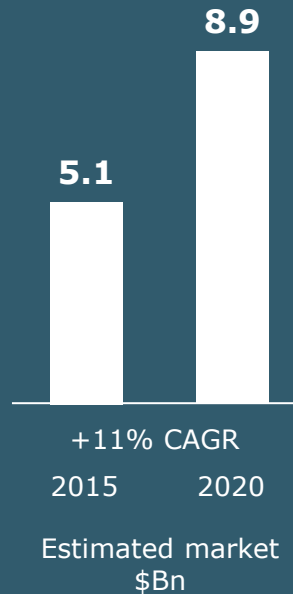
Source: Gartner, Oliver Wyman analysis | for 7 countries – FR. / GER. / UK. / SP. / DK. / BELG. / NL.

# Cyber Security

Develop digital trust and answer business need for speed and agility through programs that optimize security levels

## Security \$ 7 MM

Average Annualized Costs per organization attributed To cyber attacks  
(WW 2015)



### Customer expectations :

#### Risk & Security stakeholders

Secure information systems, company assets, and guarantee business continuity and compliance

#### IT & Business lines

Provide a reliable trusted customer experience

### Key services in our offer pack

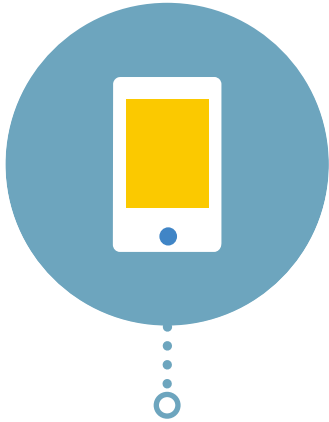
Assess and prepare

Design & protect

Enable new digital usages  
(Mobile, Cloud, IoT..)

Scale!

Support local initiatives in **3 complementary offers**  
to build a coherent global portfolio & prepare **future revenue boosters**



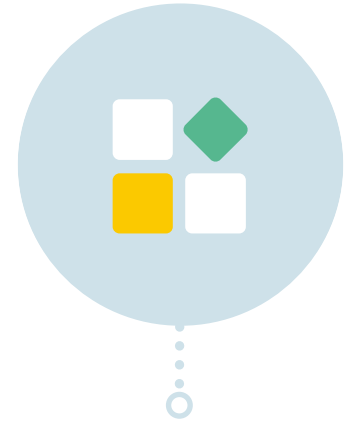
## Business process excellence

Leverage the potential of digital to improve operational excellence, and create processes that can change the business, not constrain it



## Data as a Service

Boost decision-making by leveraging data and providing businesses with fast, smart and high quality data services



## Digital Experience

Design digital services & experiences that engage consumers & employees, improving the business & operational performance



Our 4 key focus points to Scale!

3

Cloud centric group partners

# Scale! Reinforce our proximity & excellence with **3 cloud centric partners** to become **global EMEA champions**



Be a **Global EMEA champion** in 2020



Be a **local champion** in 2020

# Grow and innovate next to our partners, on the same business trajectory

servicenow

From **IT only**...

Google

Extend **Communication & collaboration** with G Suite...

redhat.

Away from **OS & Middleware**...



...to stronger on **IT and present on other Business process**



60 to €70 M  
in 2020

From €25 M in 2016



...to a **Global cloud provider** for the Enterprise market with Google Cloud Platform

70 to €80 M  
in 2020

From €26 M in 2016



...to **Cloud orchestration & DevOps**

25 to €35 M  
in 2020

From €5 M in 2016

Our 4 key focus points to Scale!

4

priority investments hubs

France, Germany, Spain, Belgium



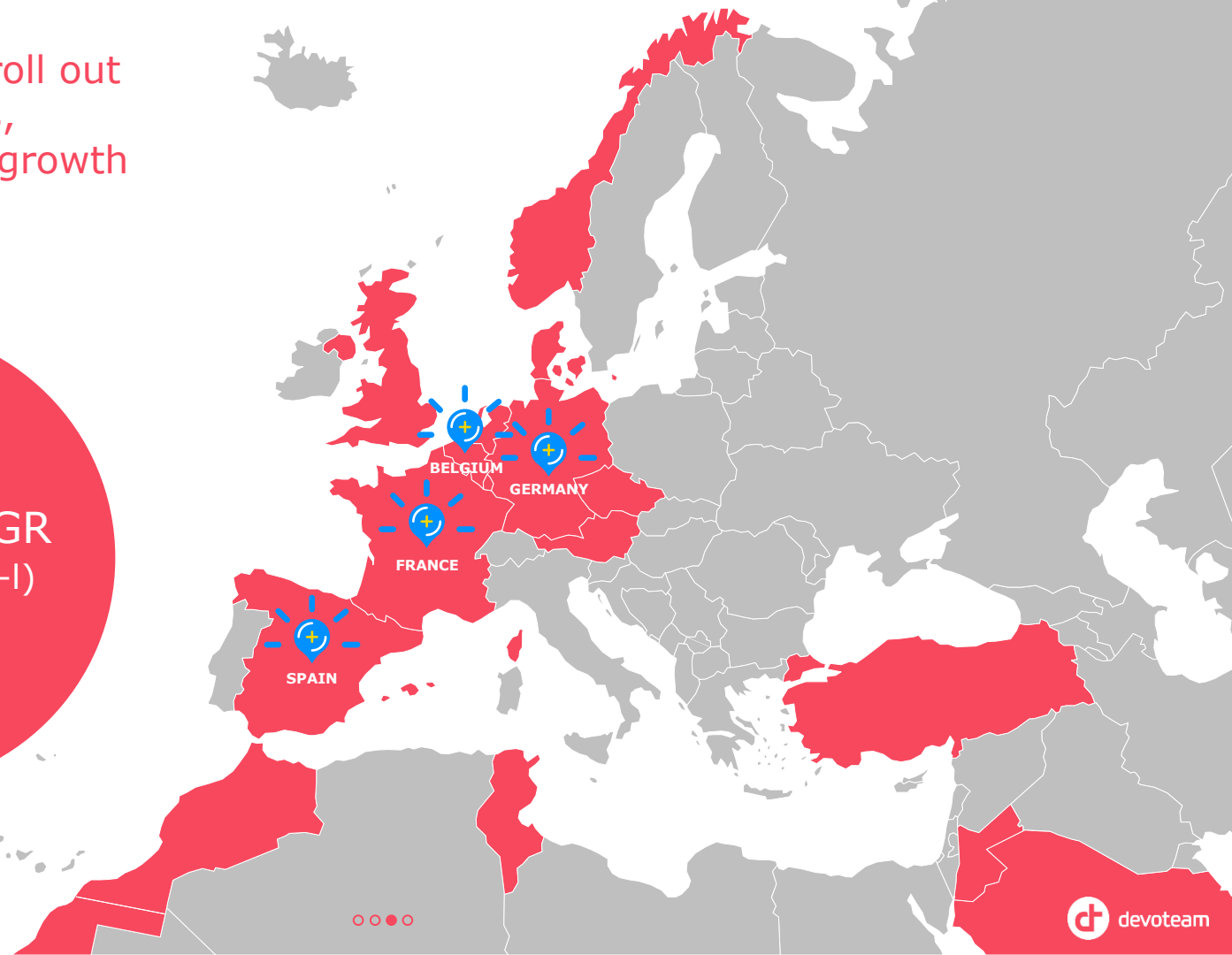
**4 hubs** with focused roll out plan within 24 months, driving regional 2020 growth

**Scale!**

For each hub

> **10%** CAGR  
of Revenues (I-f-I)

> **10%**  
Op. Margin



## France to continue leading the way



Reinforce our **global transformation ability**

Build greater **synergies across our activities**

**Extend our portfolio**  
from the 3 core group offers



**11% CAGR**  
revenue growth

**+/- 13% Op. M**  
in 2020

**+400 people**  
**on Digital Experience**  
in 2020

Our 4 key focus points to Scale!

1

growth enablement program

# Delivering a **Group ambition** built on a strong local **entrepreneurship spirit**

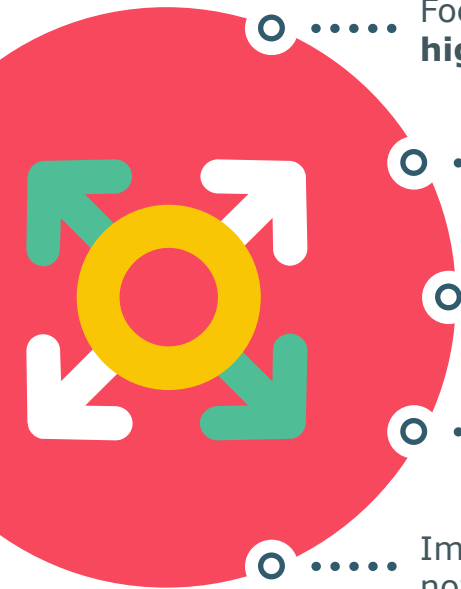






Speedboat  
Factory

## Targeted Boosters of our organic growth



- ..... Focused initiative on a **high value, high growth**, market segment
- ..... Dedicated, **entrepreneurial minded, senior manager** leading a small initial team
- ..... **Supported** by some of Devoteam's core assets (backoffice, partnerships, brand,...)
- ..... **Full integration** within Devoteam within 4 years
- ..... Implemented successfully in France, now to be **extended to our priority investment hubs**



Scale  
from 2 new  
Speedboats  
per year to 5

Brings  
+3 points  
group growth



Skill engine

# Proactively driving our Skills is the key pillar to reach **70% of SMACS** revenue in 2020



- ..... Launched in 2015 and **governed** by top management
- ..... All billable staff dynamically **mapped** on a group skill referential
- ..... Proactive **recruitment** on SMACS zones
- ..... Dynamic career path with aligned SMACS **HR grids**
- ..... Permanent **reskilling** through targeted training allocation
- ..... Targeted **sales**

**28% to 53%**  
of SMACS  
Recruitments  
from H2 '15 to H2 '16

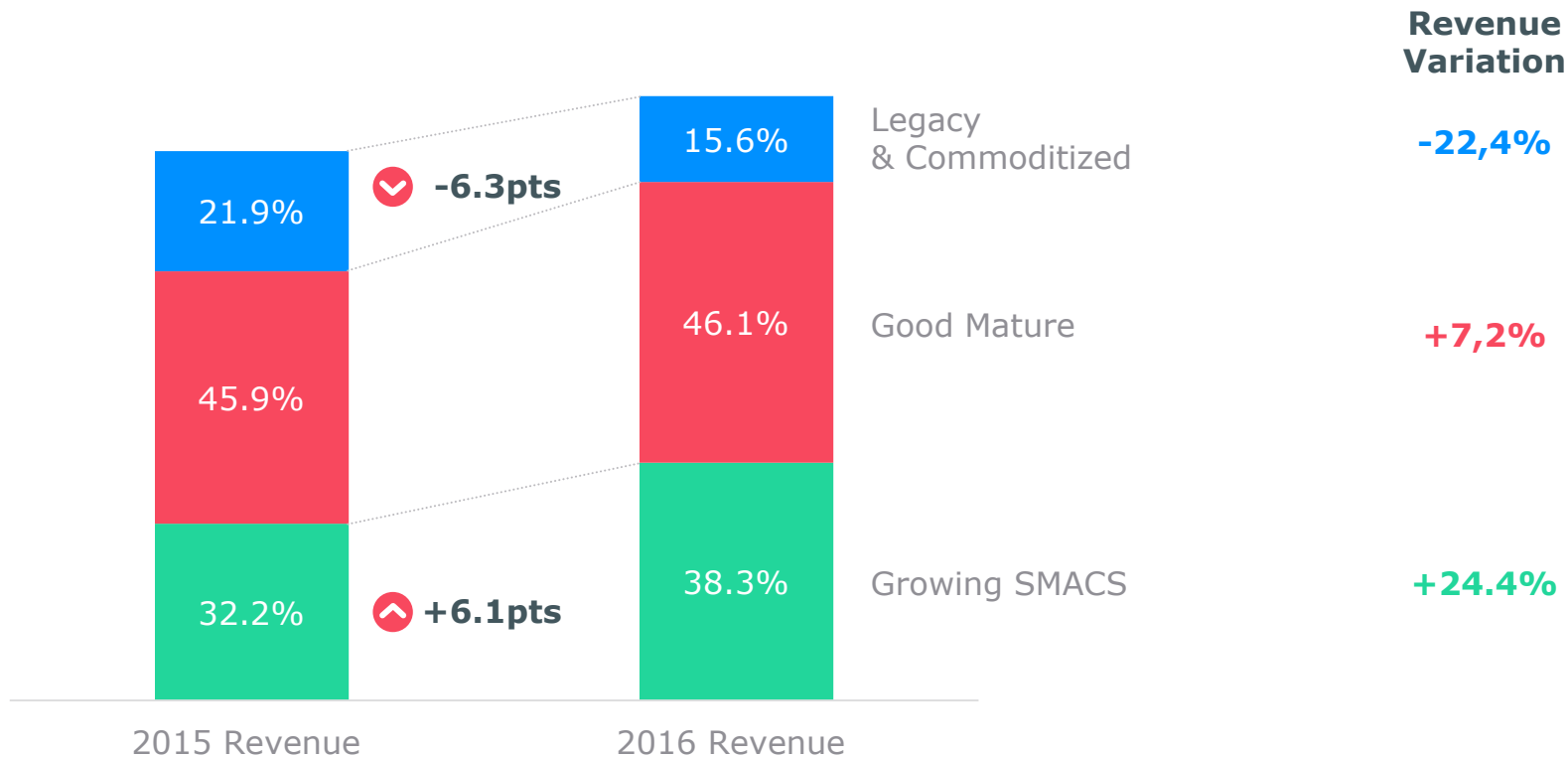
**+34 %**  
Reskilling  
in H2 '16 vs H2 '15

**+36%**  
of SMACS New  
Business Signing  
in H2 '16 vs H2 '15

Wave 1 countries as perimeter of 2016 Skill Engine:: FR, DE, BE, LU, SP, UK



## An ignited Group, aligned to accelerate to **70% of SMACS** Revenue in 2020



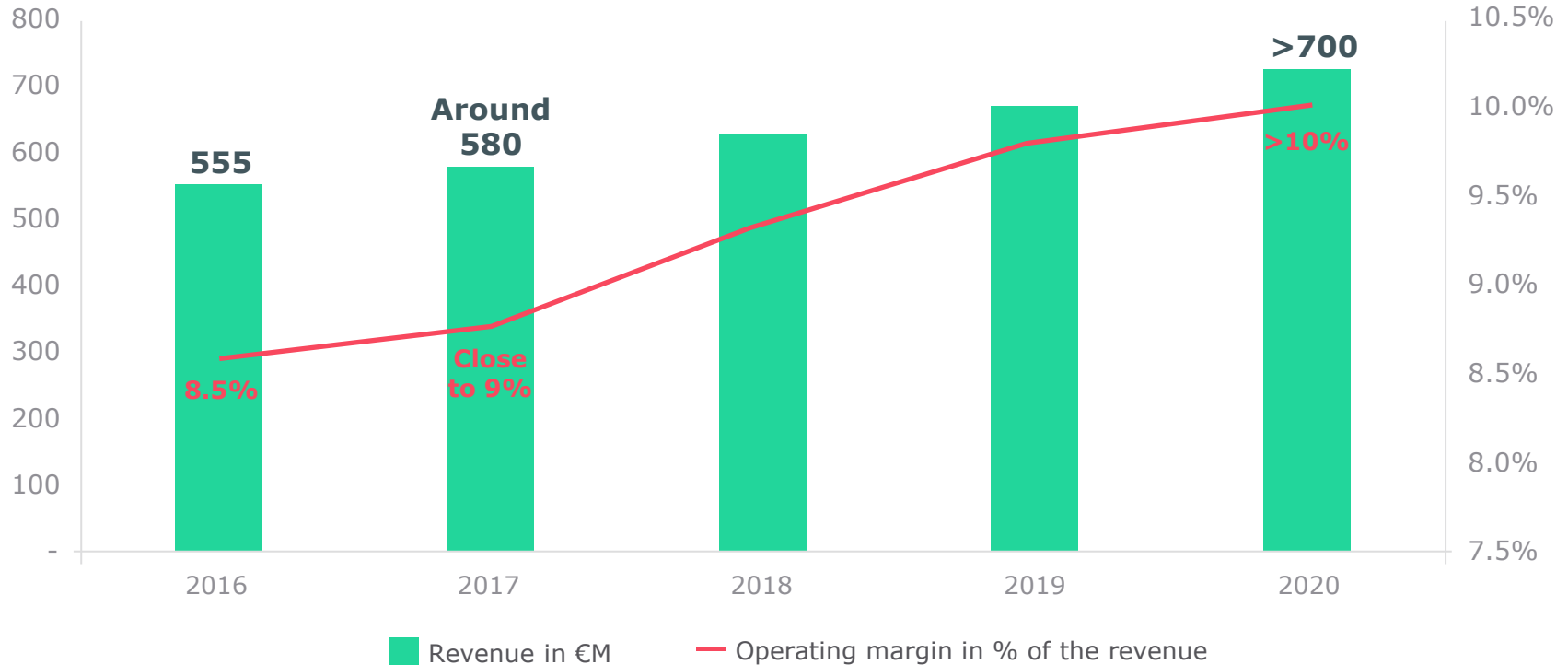
Business data - not audited - End of Q3 figures excluding Between, Be Team and acquisitions

# Financial objectives

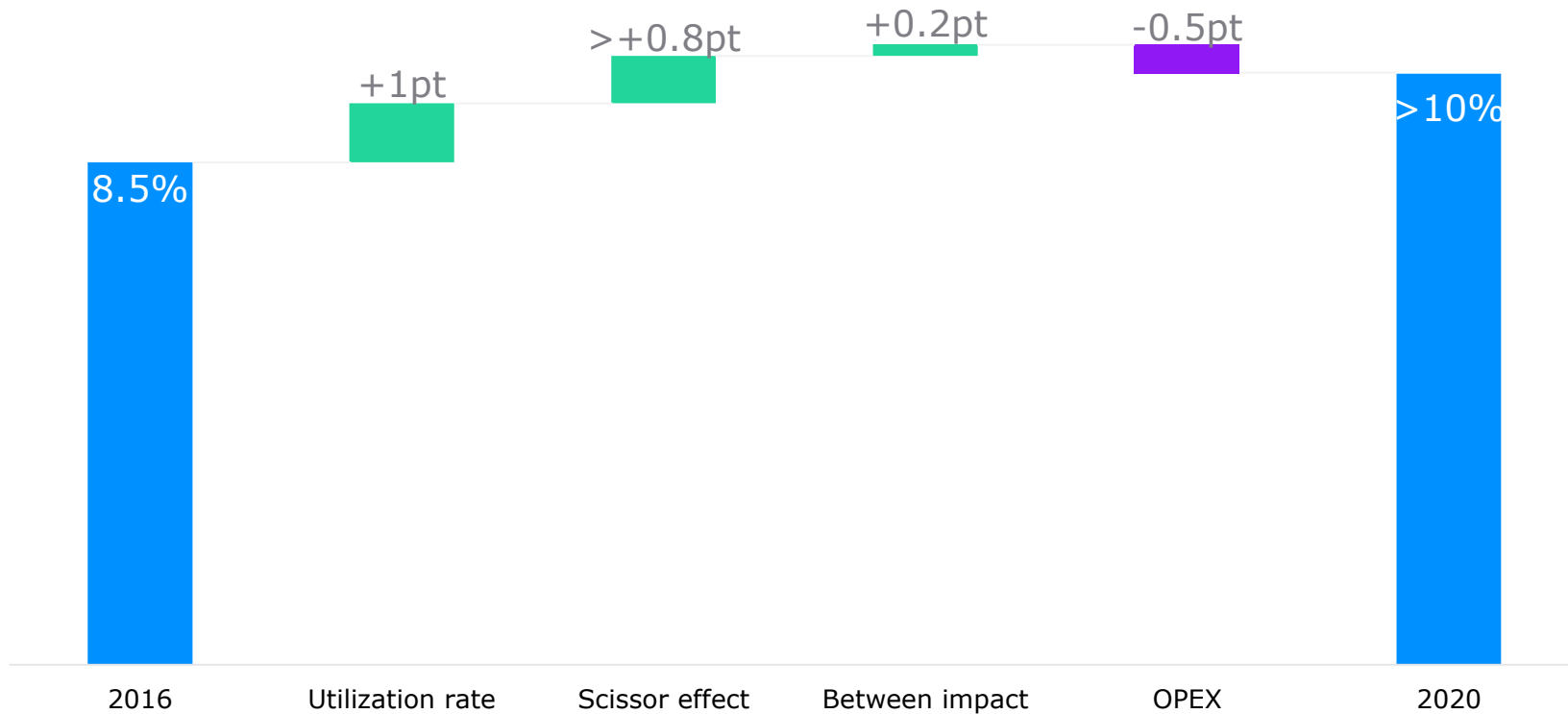
# >700 Revenue and >10% operating margin by 2020 on existing perimeter

Considering stable economic environment and exchange rates and no change on Between figures from 2017 to 2020

2016 closing still on-going - preliminary figures



# From 8.5% in 2016 to 10%+ operating margin in 2020



A strong conversion of operational efficiency  
into **cash and value for shareholders**

## Double digit

CAGR of fully  
diluted **EPS**  
from 2016 to 2020

## Free Cash Flow

of +/- **5%**  
of Group Revenues  
on a recurring basis

# Glossary

**Operating margin or Op. Margin or Op. M:** 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 or organic growth:** variation at comparable perimeter and exchange rates.

**Free cash flow:** net cash from operating activities minus acquisition of fixed assets.

**CAGR:** compounded annual growth.

**Utilization rate:** number of working days of billable employees that were billed to a client compared to the total number of available days excluding holidays.

**Between:** "Between", a subsidiary operating in the Netherlands on the market of sourcing of IT professionals, has a very volatile contribution to revenue since, depending on the terms and conditions of the contracts signed, the revenue consolidated at Group level may be based on the contract's gross margin or on the full amount invoiced to the final customer. As a consequence, the Group decided to isolate this subsidiary in one specific segment (outside of Northern Europe & Benelux) and also when calculating the growth rate of the consolidated revenues.



# Contacts

## Executive Board

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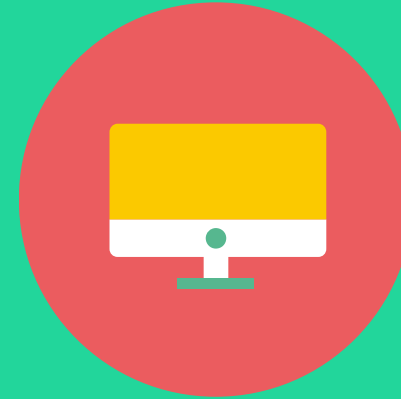
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# Digital Transformakers

