

Press release

Q1 2016 revenue at €133.4 million, strong growth of 15.5% and 13.7% organically

Disposal of a non-core business in Norway to accelerate strategic re-focus

Paris, May 18th 2016

In millions of euros	Q1 2016	Q1 2015
Revenue	133.4	115.5
Variation	15.5%	
L-f-I variation*	13.7%	
L-f-I variation* excluding Between	6.2%	

*At comparable perimeter and exchange rates

Devoteam (Euronext Paris: DVT) announced revenues of €133.4 million for the quarter ended March 31st 2016, representing a 13.7% year-on-year growth at constant scope and exchange rates.

Consolidated revenues have increased 15.5% compared to the first quarter of 2015, including a negative impact arising due to currency fluctuations in certain countries (Norwegian krone, Pound sterling, Turkish lira). The Group's acquisition and divestment strategy resulted in 2.5% growth compared to the first quarter of 2015. The acquisitions of Drago and myG contributed for €3.9 million of consolidated revenues over the first quarter 2016, whereas Exa ECS, divested last year, had contributed for €1.1 million of consolidated revenues over the first quarter of 2015.

Stanislas de Bentzmann, co-CEO of Devoteam, commented on these results:

"In the continuity of 2015, Devoteam's growth in Q1 2016 benefited from the repositioning of the Group on the Digital offers, particularly driven by the Google activities, the user experience and the management of digital transformation projects. The integration of Drago in Spain, and the disposal in early May of our system integration activity in Grimstad, located in Southern Norway, are speeding up the transformation of our portfolio."

Analysis of Q1 2016 revenue by region

The revenue of the first quarter of 2016 in **France** stood at €56.4 million, growing almost 12% organically, and driven by a strong growth in the Google and digital transformation activities.

Northern Europe and Benelux (excluding Between), achieved a €28.4 million contribution to Group revenues, with a 7.2% organic growth thanks to Denmark and Belgium.

The **Central Europe** region achieved revenues of €13.0 million, a 0.4% organic growth compared to the same quarter in 2015. It reflected a stabilization of the revenue in Germany and a downsizing in Poland (related to the exit from the historical activities of system integration), balanced by a strong increase of business in Czech Republic.

Rest of the world (North Africa, Middle East, Italy and Spain) reported revenues at €16.2 million for the first quarter of 2016. It represented a 4.9% organic decrease and is explained by the Group's strategy to be selective in delivering low margin projects in Turkey, Morocco and Algeria. Total growth is above 23% due to the inclusion of Drago into this reporting segment.

Between, the broker activity in the Netherlands, doubled revenues year-on-year, generating a successful return on its sales investments in 2015.

Headcount and utilization rate

On March 31st 2016, the Group employed 4 016 people compared to 3 957 people on December 31st 2015.

The ratio of billable headcount to total headcount is almost stable at 84.4% compared to 84.5% the year before.

The Group showed a utilization rate of internal resources excluding divestments at 82.8% for the first quarter, in line with the first quarter of 2015.

Changes in scope

In a continuous effort of portfolio focus, the Group sold its Norwegian system integration business, for a non-significant amount. This business, located in Grimstad in the South of Norway, employs around 30 people and reported revenues of €5.6 million in 2015. In the first quarter of 2016, it did not generate a profit and retained exposure for the Group to the oil and gas sector. The deal should impact Group results with a loss on asset disposal of around €1 million in 2016; the exit from the Group consolidation perimeter will be effective on May 1st 2016.

Over the quarter, the Group also acquired for €3.6 million worth of shares belonging to minority shareholders in core business subsidiaries.

Free share plan

To support the development and transformation process of Devoteam, the Board will submit to the next Shareholders' meeting an approval for a free share plan, representing circa 2% of the capital. The plan should benefit the key employees of the Group.

This will lead to the recognition of a cost of stock options of about €2 million each year from 2016 to 2018. These stock options would be subject to the achievement of 2018 financial objectives and paid from company-owned Devoteam shares.

2016 outlook

Based on the first quarter of 2016 and despite the disposal in Norway, the Group confirmed the 2016 full-year revenue target of €525 to €535 million and an operating margin level exceeding 7.5%.

2016 financial calendar

Press release after market closed			Shareholders' meeting	Dividend payment
Q2 2016	Q3 2016	Q4 2016		
September 7 th 2016	November 15 th 2016	To be announced	June 17 th 2016	July 1 st 2016

Appendix

Analysis of the revenue by region

In millions of euros	Q1 2016	Q1 2015
France*	56.4	50.3
Variation	12.3%	
L-f-I variation	11.9%	
Northern Europe & Benelux	28.4	27.1
Variation	4.8%	
L-f-I variation	7.2%	
Central Europe	13.0	13.0
Variation	0.2%	
L-f-I variation	0.4%	
Rest of the world*	16.2	13.2
Variation	23.2%	
L-f-I variation	-4.9%	
Corporate	(0.1)	0.0
Between	18.2	9.0
Variation	102.7%	
L-f-I variation	102.7%	
Divestments (2015-2016)	1.1	2.9
Total	133.4	115.5
Variation	15.5%	
L-f-I variation	13.7%	
L-f-I variation excluding Between	6.2%	

*Of which contribution of the acquisitions:

In millions of euros	Q1 2016	Q1 2015
France	0.2	-
myG France, consolidated as of October 1 st 2015	0.2	-
Rest of the world	3.8	-
Drago, consolidated as of October 1 st 2015	3.7	-
myG Spain, consolidated as of October 1 st 2015	0.1	-

Utilization rate of internal resources

Utilization rate of internal resources, excluding divested entities					
Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016
83.0%	84.5%	85.0%	84.8%	84.3%	82.8%

Changes in exchange rates – Q1 2016

For €1	Average rate Q1 2016	Average rate Q1 2015	Variation
UAE dirham	4.051	4.144	2.3%
Swiss franc	1.096	1.075	-1.9%
Czech koruny	27.038	27.592	2.1%
Danish krone	7.461	7.449	-0.2%
Algerian dinar	119.018	104.423	-12.3%
Pound sterling	0.770	0.744	-3.4%
Moroccan dirham	10.828	10.754	-0.7%
Norwegian krone	9.520	8.728	-8.3%
Zloty	4.361	4.190	-3.9%
Tunisian dinar	2.239	2.174	-2.9%
Turkish lira	3.247	2.772	-14.6%

Glossary

Like-for-like variation: At comparable perimeter and exchange rates.

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 when calculating the growth rate of the consolidated revenues.

Divestments (2015-2016) or divested entities: In 2016, Divestments include Grimstad activities in Norway, deconsolidated on May 1st 2016. In 2015, it also includes Exa ECS, deconsolidated on April 1st 2015.

Utilization rate of internal resources: Measures the percentage of working hours (excluding paid holidays) of billable employees that were billed to a client.

Operating margin: Defined as the current operating result before amortization of intangible assets related to acquisitions and excluding the impact of stock options.

ABOUT DEVOTEAM

At Devoteam, we deliver **innovative technology consulting** for business. We are 4,000 professionals dedicated to ensuring our clients win their digital battles.

Present in 20 countries 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.

In 2015, Devoteam achieved revenues of €485m.

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

ISIN: FR 0000073793, Reuters: DVTM.PA,
Bloomberg: DEVO FP

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