

***SQL***  
***DIGITAL***  
***EXPERIENCE***

FIRST HALF 2019  
RESULTS

# **SQLI GROUP**

DIGITAL EXPERIENCE AS AN INSTRUMENT FOR  
TRANSFORMATION

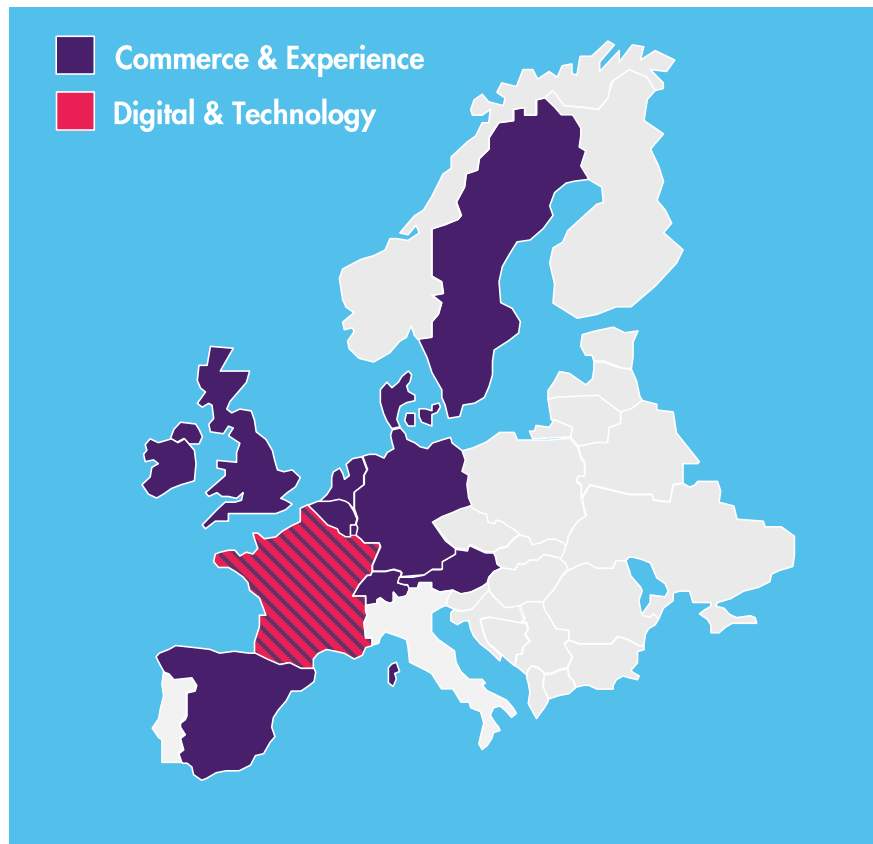
SQLI IS A **EUROPEAN SERVICES GROUP**

DEDICATED TO THE DIGITAL WORLD

WITH A MODEL OF **SPECIALIST** IN LEADING-EDGE

**TECHNOLOGIES & COMMERCE**

# 1 **GROUP** 2 **BUSINESSES** 3 **DIVISIONS**



- **COMMERCE & EXPERIENCE**  
A DIGITAL AGENCY OPERATING IN 11 EUROPEAN COUNTRIES  
France, Belgium, Denmark, Germany, Ireland, Luxembourg, Netherlands, Spain, Sweden, Switzerland, UK
- **DIGITAL & TECHNOLOGY**  
A DIGITAL SERVICES COMPANY WITH 5 AGENCIES IN FRANCE  
Paris, Lyon, Toulouse, Bordeaux, Nantes
- **DIGITAL SERVICES CENTRES**  
IN 4 COUNTRIES  
France, Spain, Morocco and South Africa
- **2,204 EMPLOYEES** at 30 June 2019
- **€232 MILLION**  
TURNOVER in 2018

# ***FIRST HALF 2019 RESULTS***

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## **HIGHLIGHTS**



# SQLI H1 2019 PERFORMANCE

## HIGHLIGHTS

➤ Strong **organic growth** driven by the Commerce & Experience business

➤ Sharp **improvement in earnings** driven by growth and reduction in non-recurring expenses

➤ Preparation of new **ONE FORCE 2022** strategic plan

➤ Enlargement of the **Board of Directors**

## RESULTS

➤ Turnover:  
**€123.0m (up 6%)**

➤ Recurring operating income:  
**€6.0m (up 14%)**

➤ Net operating income:  
**€4.7m (up 94%)**

➤ Net income:  
**€2.4m (up 563%)**

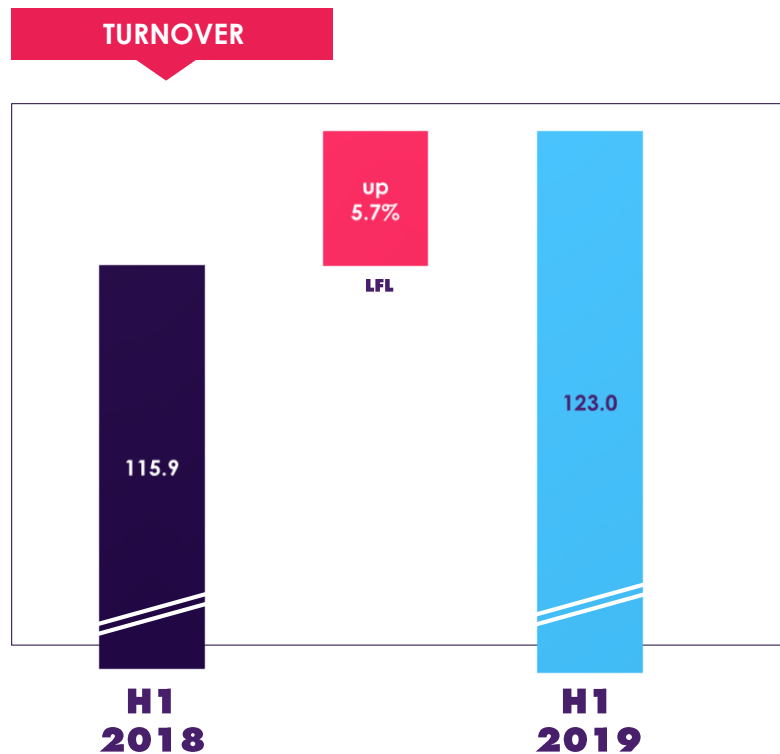
## OUTLOOK

➤ Gradual implementation of strategic plan drivers

➤ **Expected growth** in 2019 full-year results

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# GROWTH IN TURNOVER

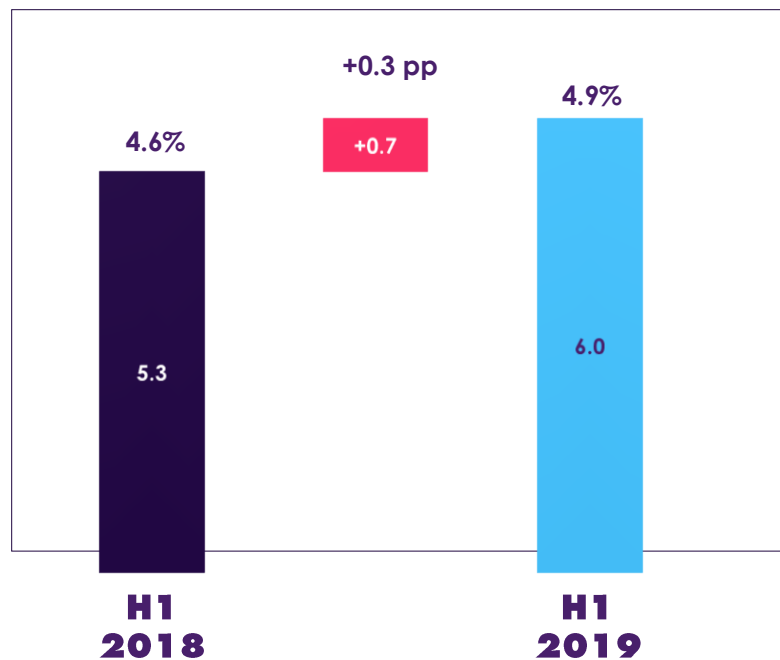


AUDITED CONSOLIDATED DATA IN € MILLIONS

- ORGANIC GROWTH: **6.1%**
- GROWTH AT CONSTANT EXCHANGE RATES: **5.7%**
- DIGITAL & TECHNOLOGY: **UP 0.4%**
- COMMERCE & EXPERIENCE: **UP 14.6%**

# **GROWTH** IN RECURRING OPERATING INCOME

## RECURRING OPERATING INCOME



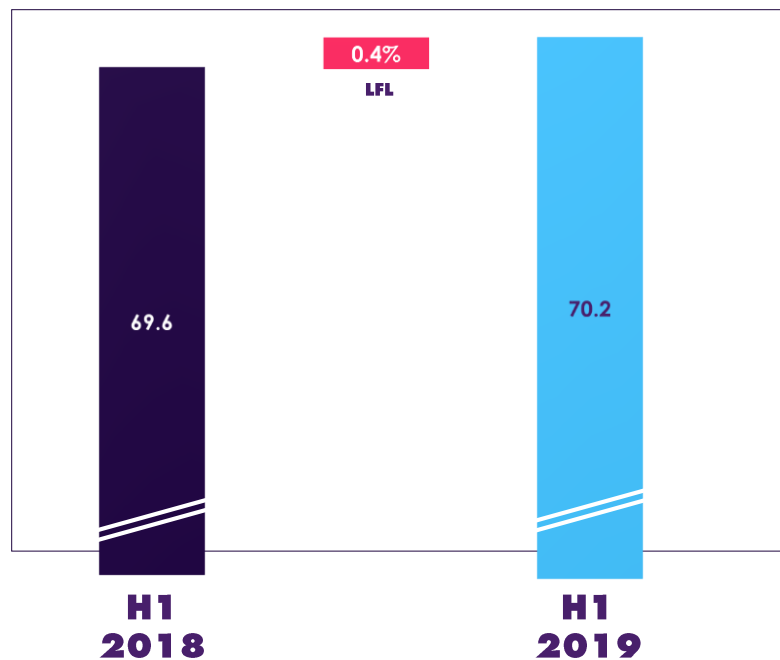
➤ RECURRING OPERATING INCOME: **UP 14%**

➤ RECURRING OPERATING MARGIN: **UP 0.3 PERCENTAGE POINTS**

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# FOCUS - **DIGITAL & TECHNOLOGY**

## TURNOVER



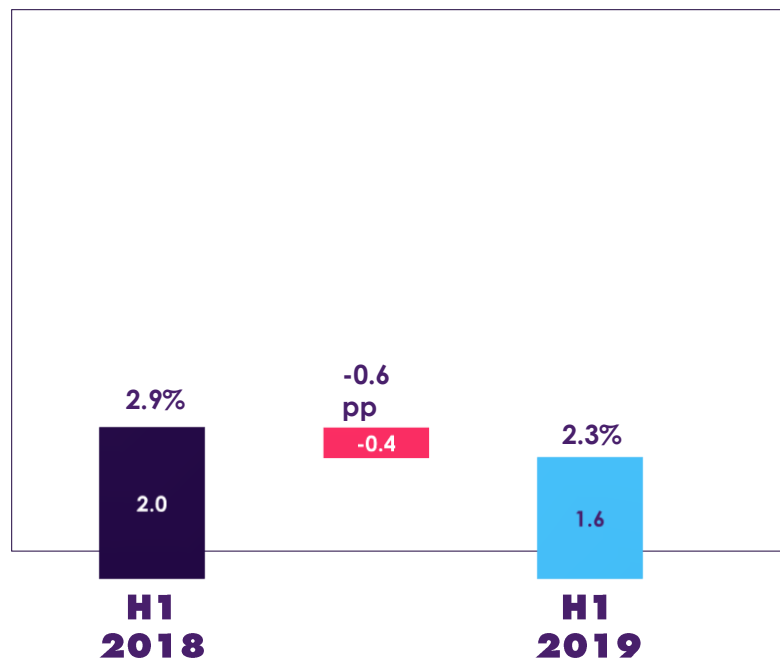
UNAUDITED CONSOLIDATED DATA IN € MILLIONS

- REDUCTION OF HEADCOUNT DUE TO REFOCUSING ON MORE BUOYANT MARKET SEGMENTS: **DOWN 11.2%** OR **853 EMPLOYEES\***
- INCREASED OUTSOURCING
- EMPLOYMENT RATE IMPACTED BY SLOWDOWN IN BANKING SECTOR BUSINESS: **DOWN 1.7** PP TO **82.6%**
- INCREASE IN AVERAGE DAILY RATE: **UP 5.8%** TO **€544\***

\* EXCLUDING SERVICES CENTRES

# FOCUS - **DIGITAL & TECHNOLOGY**

## RECURRING OPERATING INCOME

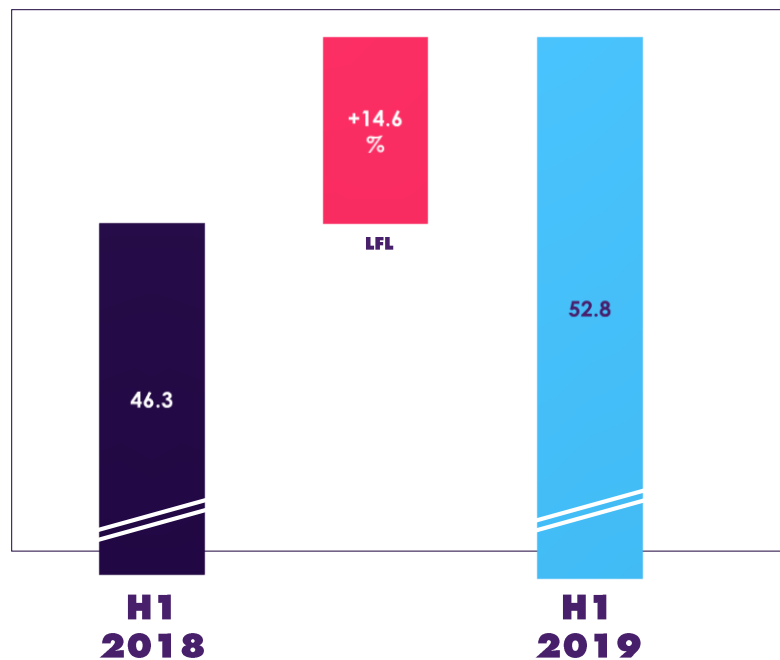


- UNFAVOURABLE BASE OF COMPARISON DUE TO RENT-FREE PERIOD RECOGNISED IN H1 2018: **€0.9M**
- IMPROVEMENT IN LIKE-FOR-LIKE PROFIT MARGINS

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# FOCUS - **COMMERCE** & **EXPERIENCE**

## TURNOVER



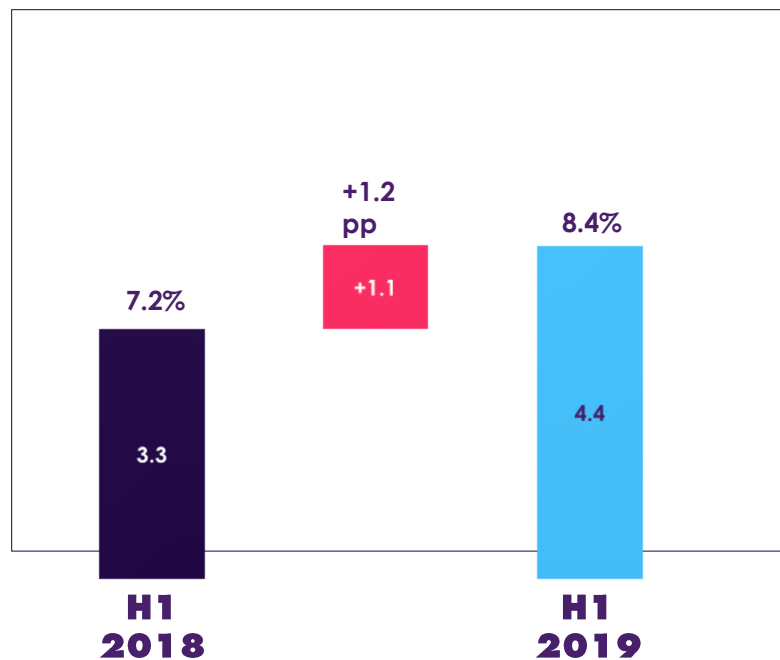
UNAUDITED CONSOLIDATED DATA IN € MILLIONS

- INCREASE IN HEADCOUNT: **UP 12.3%** or **656** EMPLOYEES\*
- ACQUISITION OF NEW CUSTOMERS: Agatha, B&S, Bridgestone, Intersport, SGS, Sligro, etc.
- AWARDS: EpiServer Partner of the Year Digital Experience, Oracle Innovation Partner of the Year, Prix de la transformation numérique (JouéClub)

\* EXCLUDING SERVICES CENTRES

# FOCUS - **COMMERCE** & **EXPERIENCE**

## RECURRING OPERATING INCOME



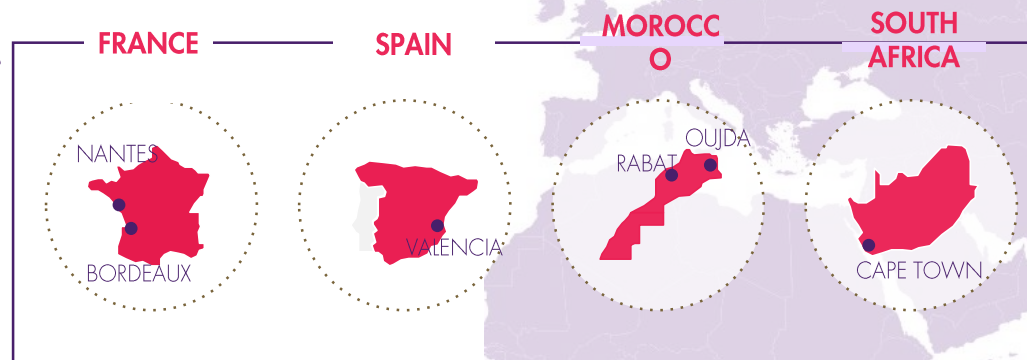
- POSITIVE IMPACT OF ORGANIC GROWTH ON PROFIT MARGINS
- COUNTRY MIX DRIVEN BY NORTHERN Europe and Switzerland

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# **SERVICES CENTRES** AT THE CORE OF THE SYSTEM

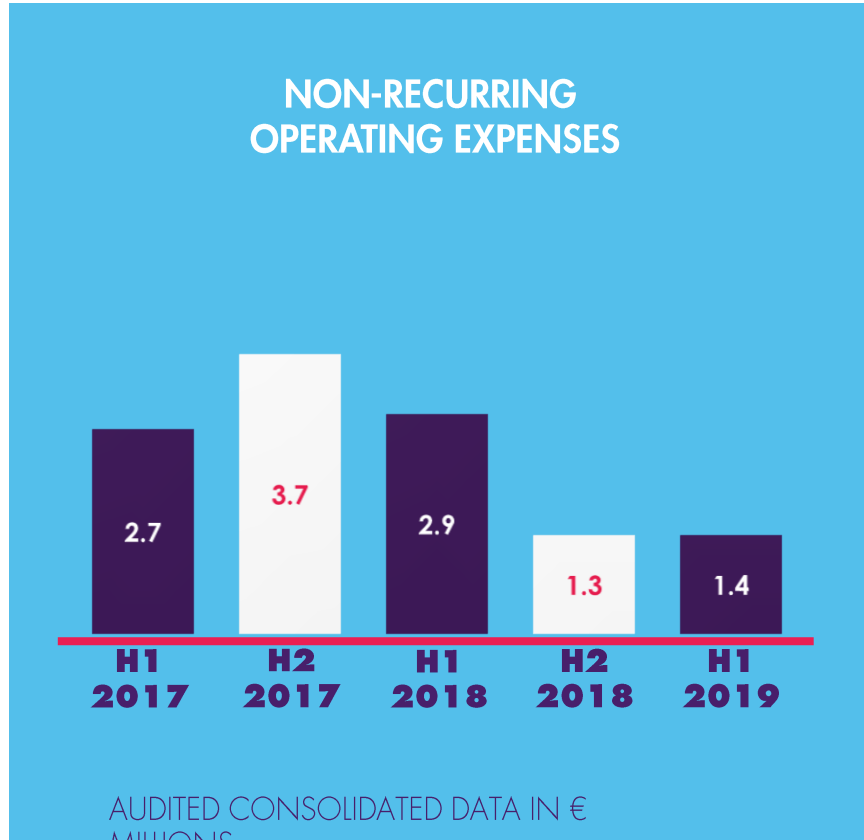
**ORGANISATIONAL SYSTEM GEARED TO BOTH BUSINESS MODELS TO ROLL OUT SOLUTIONS AND SERVICES AT GLOBAL LEVEL**

- Service offering covering the major technology platforms
- Control of services centres based on digital transformation and e-commerce solutions
- Proven expertise in DEVOPS, Agile, etc.
- Unique organisational structure fostering global synergies between all centres



**14% INCREASE IN SALARIED WORKFORCE  
(642 EMPLOYEES) AND >93,000 BILLABLE PERSON-DAYS  
(INCLUDING OUTSOURCING) UP 15%**

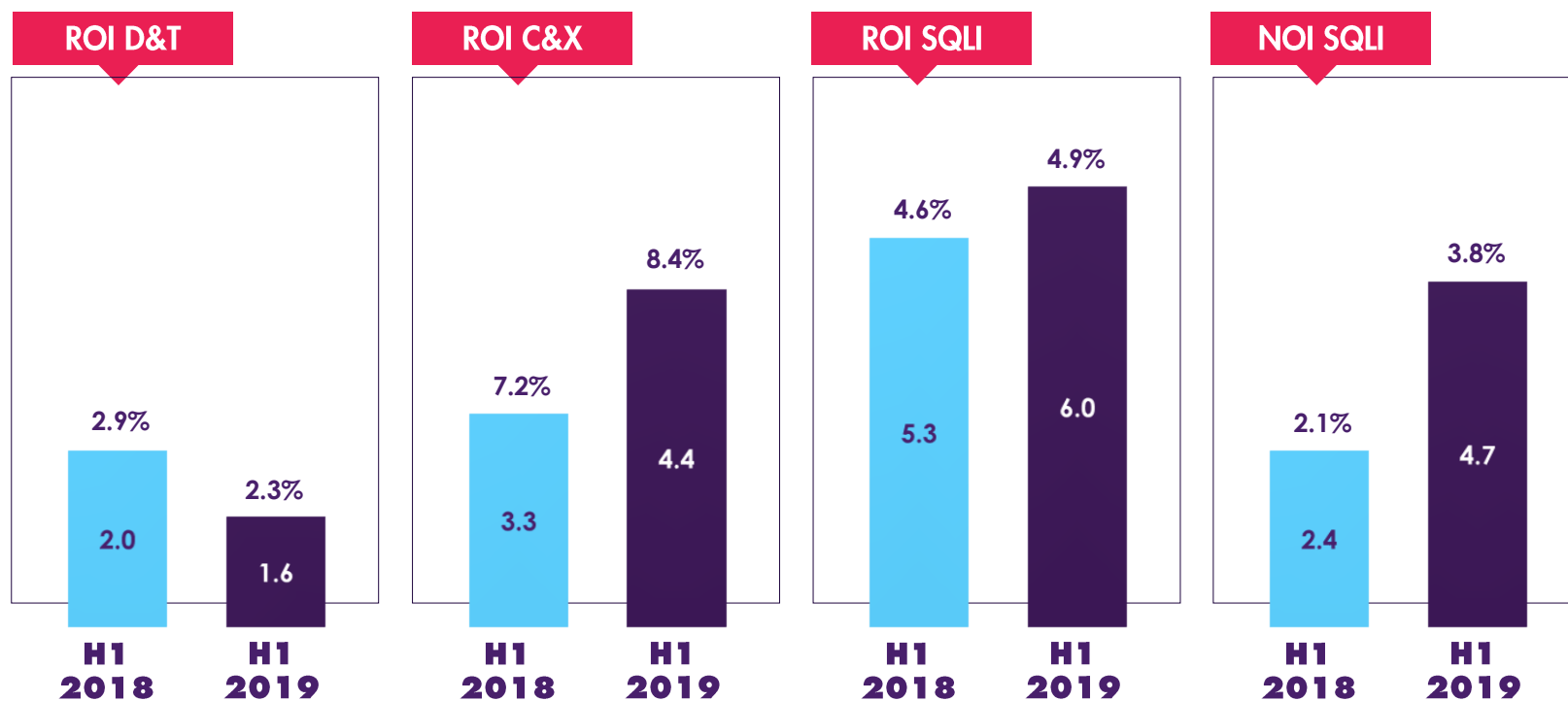
# DRAMATIC **REDUCTION** IN **NON-RECURRING** EXPENSES



- **HALVING** of non-recurring operating expenses versus H1 2018
- **STREAMLINING** of Group operations
- **OPTIMISED SYNERGIES** between centres
- **PLAN IMPLEMENTATION COSTS** estimated at €2-3m in H2 2019 and 2020

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# OPERATING INCOME AND MARGINS



CONSOLIDATED DATA (D&T AND C&X UNAUDITED / SQLI AUDITED) IN € MILLIONS AND % OF TURNOVER

ROI = RECURRING OPERATING INCOME  
NOI = NET OPERATING INCOME

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# ***FIRST HALF 2019 RESULTS***

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## **H1 2019 RESULTS**

# SQLI INCOME STATEMENT

CONSOLIDATED DATA

€m - IFRS	H1 2018	H1 2019	Change
TURNOVER	115.9	123.0	+6%
RECURRING OPERATING INCOME	5.3	6.0	+14%
Other operating income and expenses	(2.9)	(1.4)	-53%
NET OPERATING INCOME	2.4	4.7	+94%
Net cost of debt	(1.3)	(1.2)	-8%
Other financial income and expenses	(0.2)	0.4	NS
INCOME BEFORE TAX	1.0	3.9	+301%
Tax expense	(0.6)	(1.5)	+147%
NET INCOME	0.4	2.4	+563%

Restructuring €(0.8)m  
 Acquisitions €0.3m  
 Redundancy settlements €(0.8)m

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

# SQLI CASH FLOW STATEMENT

CONSOLIDATED DATA

€m - IFRS	H1 2018	H1 2019
<b>GROSS OPERATING CASH FLOW</b>	7.0	10.7
Change in working capital	(3.3)	(11.9)
Tax	(1.6)	(2.0)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	2.1	(3.2)
Net acquisitions of non-current assets	(3.5)	(1.5)
Changes in consolidation scope (net of cash acquired)	0.2	-
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>	(3.4)	(1.5)
Capital increase	5.2	-
Dividends & share buybacks	(0.3)	(0.2)
Repayment of lease liabilities & related interest	(2.4)	(4.1)
Net new borrowings/repayment of borrowings	(4.3)	(4.6)
Interest paid	(1.1)	(0.7)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	(2.8)	(9.6)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(4.0)	(14.3)

Work-in-progress (invoices to be issued) €(12.2)m

Increased outsourcing not financed by factoring

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

AUDITED CONSOLIDATED DATA IN € MILLIONS

# SQLI BALANCE SHEET

CONSOLIDATED DATA

€m - IFRS	31/12/2018	30/06/2019	€m - IFRS	31/12/2018	30/06/2019
Goodwill	85.8	85.8	<b>SHAREHOLDERS' EQUITY</b>	<b>86.2</b>	<b>88.5</b>
Deferred tax assets	3.8	4.1	Long-term borrowings	34.0	29.2
Tax credits (CIR, CICE)	6.1	5.5	Lease liabilities due in > 1 yr	32.3	31.5
Lease right-of-use assets	36.7	36.1	Other non-current liabilities	15.4	15.9
Other non-current assets	18.1	18.8	<b>NON-CURRENT LIABILITIES</b>	<b>81.7</b>	<b>76.6</b>
<b>NON-CURRENT ASSETS</b>	<b>150.5</b>	<b>150.3</b>	Short-term borrowings	6.3	8.0
Trade receivables	54.0	64.1	Lease liabilities due in < 1 yr	7.2	7.6
Other current assets	41.3	46.4	Trade payables	22.2	23.4
Cash and cash equivalents	27.5	14.5	Other current liabilities	69.7	71.2
<b>CURRENT ASSETS</b>	<b>122.8</b>	<b>125.0</b>	<b>CURRENT LIABILITIES</b>	<b>105.3</b>	<b>110.2</b>
<b>TOTAL ASSETS</b>	<b>273.3</b>	<b>275.3</b>	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>273.3</b>	<b>275.3</b>

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

AUDITED CONSOLIDATED DATA IN € MILLIONS

# SQLI NET DEBT

CONSOLIDATED DATA

€m - IFRS	30/06/2018	31/12/2018	30/06/2019	POST-CAP. INC.*
SHAREHOLDERS' EQUITY	83.1	86.2	88.5	92.1
Long-term borrowings	35.0	34.0	29.2	29.2
Short-term borrowings	5.6	6.3	8.0	8.0
GROSS DEBT	40.6	40.3	37.2	37.2
Cash and cash equivalents	15.7	27.5	14.5	18.1
NET DEBT	24.9	12.8	22.7	19.1
NET DEBT TO EQUITY RATIO	30%	15%	26%	21%

➤ **POST-BALANCE SHEET:** €3.6m capital increase via exercise of share warrants

\* Provisional unaudited figures

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

AUDITED CONSOLIDATED DATA IN € MILLIONS

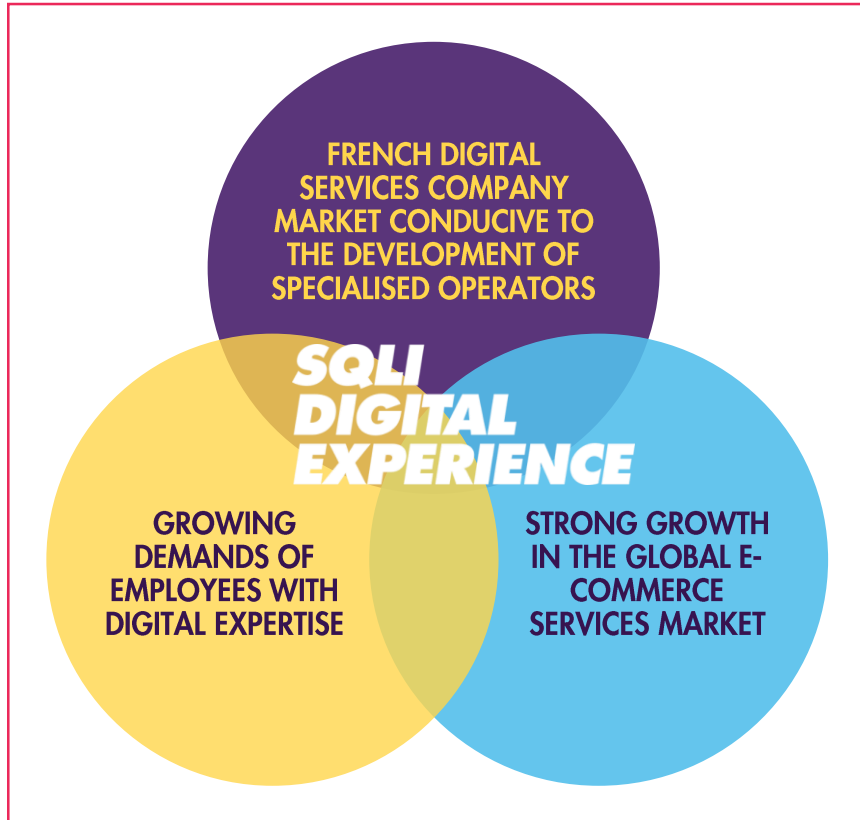
# ***FIRST HALF 2019 RESULTS***

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## **OUTLOOK**



# A **NEW CONTEXT** FOR A **FRESH START**



- **ONE FORCE 2022 IS BASED ON THE MAIN UNDERLYING TRENDS IN THE DIGITAL SERVICES INDUSTRY AND THE LESSONS LEARNED FROM “MOVE UP 2020”**
- **THE PLAN AIMS TO LAUNCH THE GROUP ON A TRAJECTORY GEARED TOWARDS...**
  - the emergence of a strong European player on the booming e-commerce market;
  - while restoring profitability and growth to the digital services business in France;
  - and drawing on Group-wide technological expertise.

# 2 BUSINESS MODELS TAILORED TO THE FEATURES OF 2 SEPARATE MARKETS

## CORPORATE FUNCTIONS

### COMMERCE & EXPERIENCE

- **FOCUS/SERVICE OFFERING:** consulting & e-commerce integration
- **GROWTH SECTORS:** Luxury, retail, B2B
- **CONTACTS:** CEO and Business Divisions
- **GO TO MARKET:** publisher partners
- **LOCATION:** Europe
- **EMPLOYEES:** publisher solution focused
- **COMPETITORS:** Accenture Interactive, Itelios (Capgemini), Publicis Sapient, Valtech, Vaimo, Reply, Astound, etc.

### DIGITAL & TECHNOLOGY

- **FOCUS/SERVICE OFFERING:** development of digital services
- **GROWTH SECTORS:** large & medium-sized companies
- **CONTACTS:** CIO and IT department
- **GO TO MARKET:** direct channel salespersons
- **LOCATION:** France
- **EMPLOYEES:** technology focused
- **COMPETITORS:** CGI, IBM, Infotel, One Point, Sopra Stéria, Wavestone, etc.

## DIGITAL SERVICES CENTRES & JOINT METHODOLOGY

# DIGITAL & TECHNOLOGY

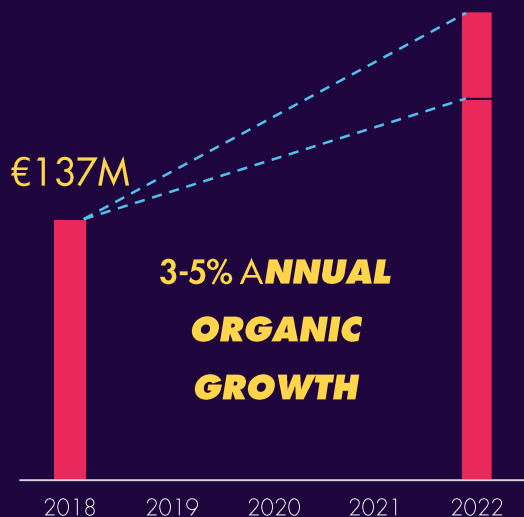
STRATEGIC REFOCUSING ON THE GROUP'S CORE  
COMPETENCIES

FROM **IDEATION** TO **IMPLEMENTATION**,  
WE CREATE **USER-CENTRIC** DIGITAL SERVICES  
BY COMBINING THE **BEST** DIGITAL  
**TECHNOLOGIES & METHODOLOGIES**

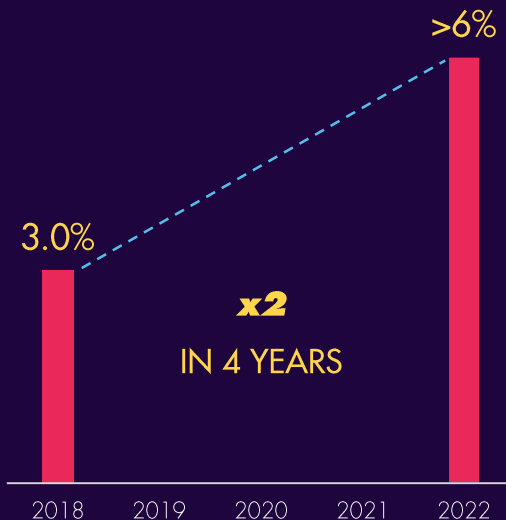


# DIGITAL & TECHNOLOGY GOALS

## DIGITAL & TECHNOLOGY TURNOVER (€M)



## DIGITAL & TECHNOLOGY RECURRING OPERATING INCOME (% OF TURNOVER)



## DRIVERS

- Increase the recurring project share of business via the services centres
- Discontinue unprofitable businesses (Unitary Technical Assistance)
- Bolster the cloud offering
- Optimise the employment rate
- Stabilise the cost of entities in absolute value terms
- Streamline methods

# COMMERCE & EXPERIENCE

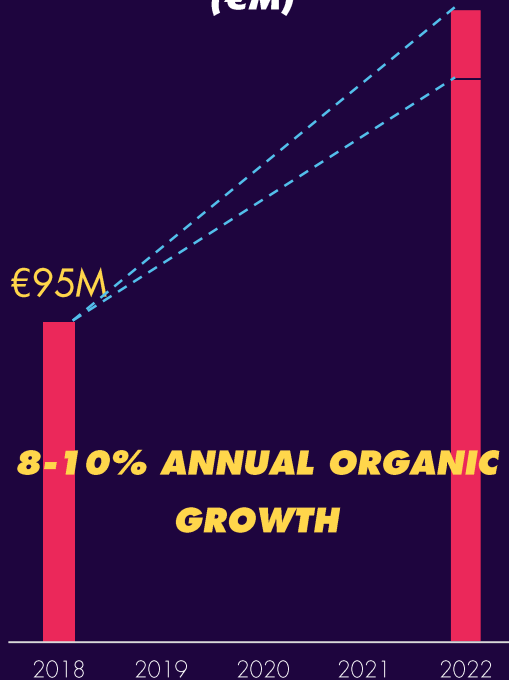
UNIFIED COMMERCE: THE KEY PILLAR OF OUR STRATEGY

OUR AMBITION IS TO BECOME THE **EUROPEAN LEADER** IN **CONSULTING, IMPLEMENTATION** & **ROLLOUT** OF **COMMERCE** SOLUTIONS TO ENHANCE THE CUSTOMER **EXPERIENCE** OF MAJOR BRANDS

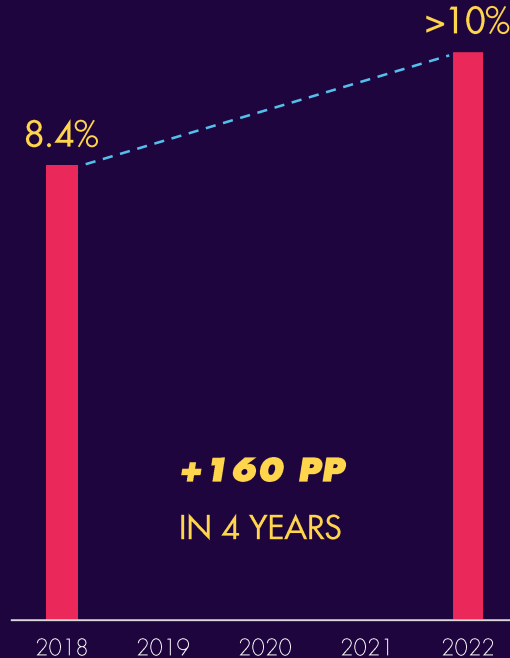


# COMMERCE & EXPERIENCE GOALS

## COMMERCE & EXPERIENCE TURNOVER (€M)



## COMMERCE & EXPERIENCE RECURRING OPERATING INCOME (% OF TURNOVER)



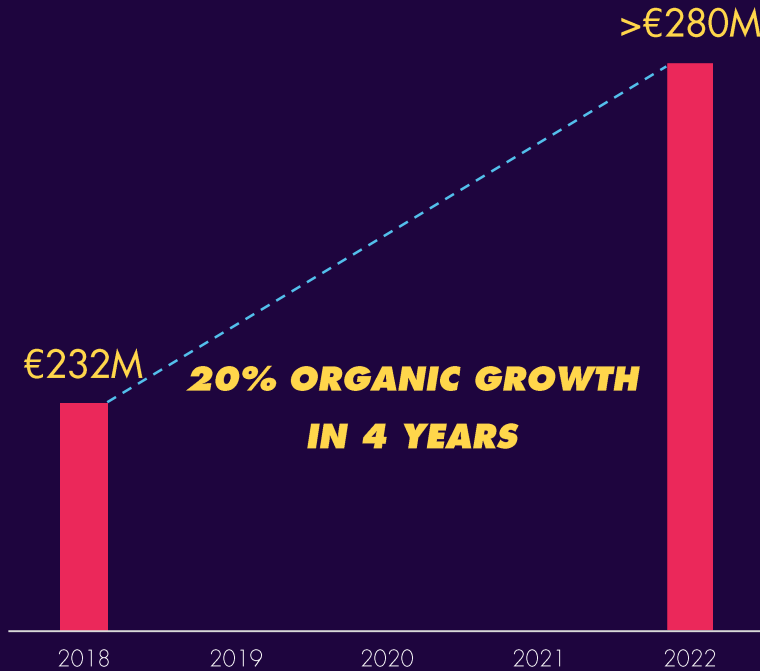
## DRIVERS

- Harmonise the business activities of operating entities by country to create an international agency model
- Increase use of digital services centres
- Roll out our consulting offer
- Increase business productivity

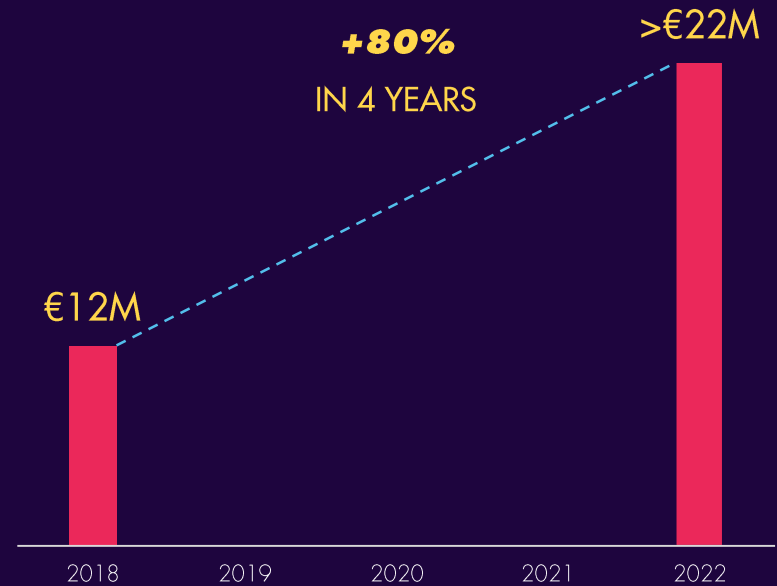
# STRONG AMBITIONS FOR SQLI

SQLI - FIRST HALF 2019 RESULTS

## TURNOVER



## RECURRING OPERATING INCOME



# CONFIRMED **ACQUISITION POLICY**

BESIDES ACHIEVING STRONG ORGANIC GROWTH,  
SQLI INTENDS TO PLAY A **UNIFYING** ROLE

IN THE CONCENTRATION OF **DIGITAL AGENCIES**  
IN **EUROPE**

# OUTLOOK FOR 2019

## TURNOVER

- **Growth** driven by:
- **Improved** sales momentum (down 4% in 2018) in D&T in a sluggish market
- **Strong growth** for C&X in line with the ONE FORCE 2022 plan

## RECURRING OPERATING INCOME

- **Growth** driven by:
- **Priority** target of improving D&T profit margins
- **Preserving** healthy profit margins in C&X

## OTHER PLANS

- **Reduce** non-recurring expenses
- Set up an incentive plan
- **Review** acquisition opportunities

NB: APPLICATION OF NEW IFRS 9, 15 AND 16 AS OF 1 JANUARY 2018

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**Q & A**

# AN EXPANDED BOARD TO SUPPORT MANAGEMENT

➤ **PHILIPPE DONCHE-GAY** – CHAIRMAN\*

Polytechnique, Stanford  
IBM, Capgemini, Bureau Veritas

➤ **DIDIER FAUQUE** - CEO

European Business School Paris  
IBM Global Business Services

➤ **JÉRÔME ABERGEL**

Employee-director

➤ **DAVID AMAR\***

MBA Geneva  
Solocal, Amar Family Office, Matignon Investissement & Gestion

➤ **HERVÉ de BEUBLAIN**

ESSEC, ENA  
French Ministry of Industry, Baring Brothers, FD5, NextStage

➤ **NATHALIE MESNY\***

Brand & Retail representative  
ESSEC  
Unilever, Carrefour, Oxybul, Rueducommerce.com,  
Monoprix, Carmignac, Damartex

➤ **VÉRONIQUE REILLE SOULT de DALMATIE**

Dentsu Consulting, Elan Edelman, Agence 910  
Hopscotch

➤ **ARIEL STEINMANN\***

ISC  
Bouygues Telecom, ING Direct France, BNP Paribas,  
Hello bank!

➤ **PHILIPPE de VERDALLE\***

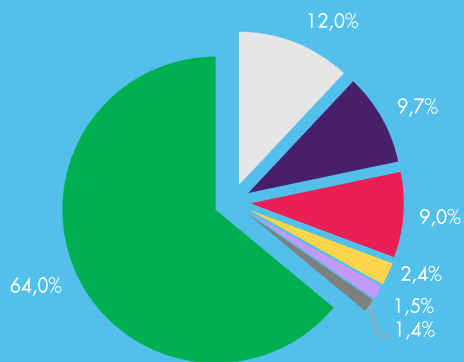
IEP Paris, INSEAD  
SFAF, UBS, HSBC, Weinberg Capital Partners

\* APPOINTED BY 27 JUNE 2019 GENERAL MEETING

# SHAREHOLDER INFORMATION

## SHAREHOLDER OWNERSHIP STRUCTURE

AT 20/09/2019



SOURCE: AMF DISCLOSURES

- **SHARE PRICE AT 20/09/2019: €19.58**
- **NUMBER OF SHARES: 4,613,975**
- **MARKET CAPITALISATION: €90M**
- **AVERAGE DAILY TRADING VOLUME: €270,000**
- **ELIGIBLE SHARE PLANS: PEA, PEA/PME & SRD LONG**
- **INDICES: CAC SMALL, CAC TECHNOLOGY, ENTERNEXT PEA-PME 150**