

# Scalian

2023 Investor Day



W E N D E L

Investing *for the long term*

2023



*Humans* and technology to  
scale up sustainable  
performance

## — Yvan Chabanne, CEO of Scalian



**Yvan Chabanne** is in his ninth year as **Chief Executive Officer** at **Scalian**

Under Yvan's leadership, the group has executed an important transformation and delivered solid financial performance to become a recognized specialist brand in all industries providing IT and engineering operations convergent solutions.

Prior to Scalian, Yvan worked at ALTRAN for 12 years, as a member of the French Executive Committee for almost 6 years and established an excellent track record of development of industrials and IT divisions.

Yvan has a broad international experience, having worked and lived in the US when he worked for General Electric in aerospace as a turbine performance engineer.

Yvan holds a PhD in Physics from the High Aeronautic Engineering School ENSMA and Laboratory of Physics of Materials of Poitiers, France.



**€557m**  
equity invested by Wendel

**81.5%**  
equity stake

**European consulting firm,  
among leaders in the combined  
position of both Operational  
& Digital Technologies**

- A **successful growth story**, notably organically and through market consolidation
- A global player with **leading market positions across key European countries**
- **Unmatched R&D capabilities**
- Proven ability to protect margins coupled with **highly cash generative business model**





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# — Scalian at a glance

Pan European consulting firm with distinctive focus on convergence between Information Technology (IT) and Operational Technologies (OT)

€518M

LTM sales June 2023

13.5%

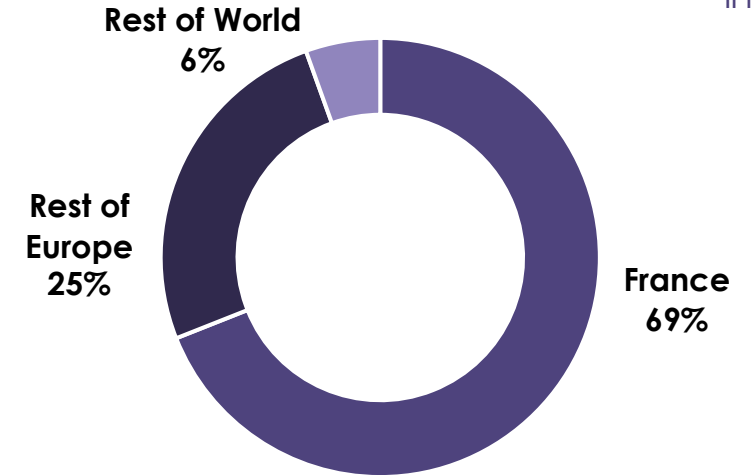
EBITDA margin <sup>(1)</sup>

From consulting to operations in high technologies fitting with IT systems, contributing to **custom design & build**, management of manufacturing / supply chain of critical systems / products / program for industries (avionics, satellite, signaling, command control, guidance systems...)

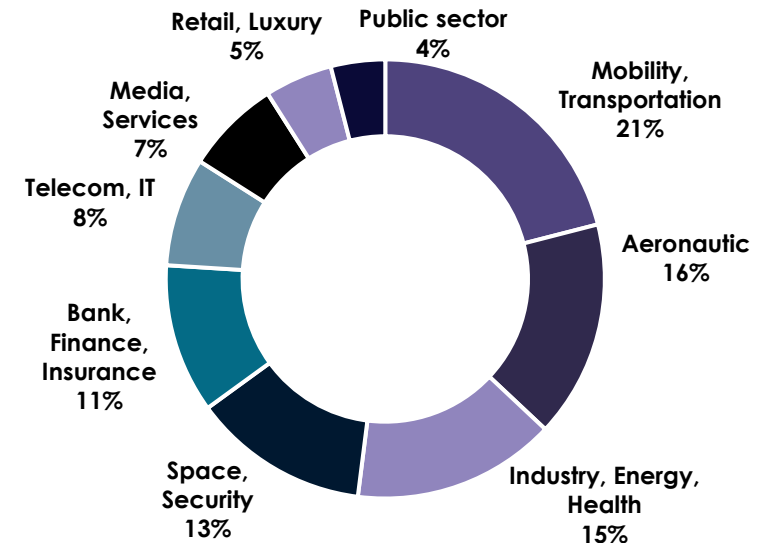
... delivering services in compliance with **high constraint markets standards** (aerospace, defense, railways, nuclear) **and increasingly addressing sustainability issues**

<sup>(1)</sup> EBITDA post IFRS 16 PF of build-ups and after adjustments

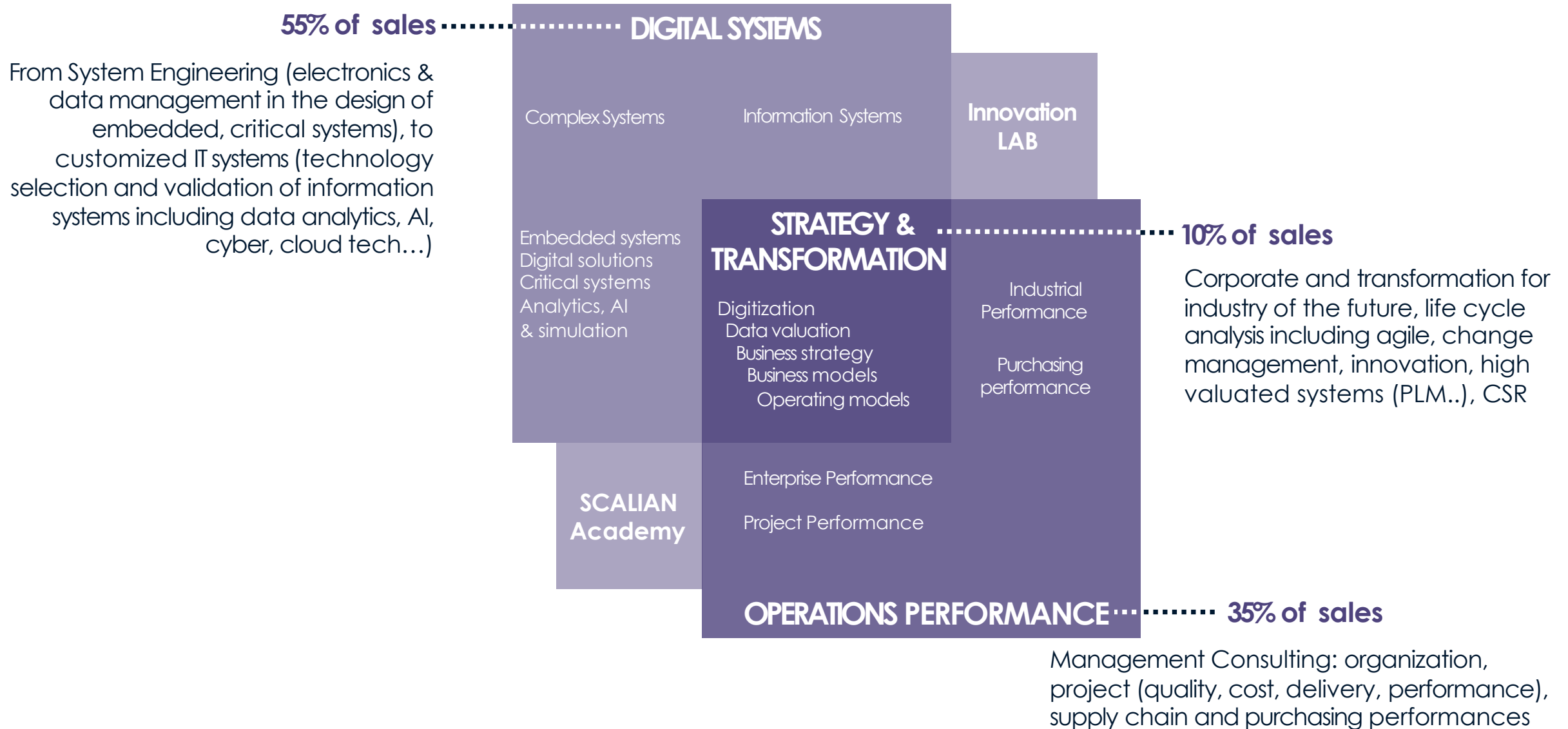
Sales by region  
in 2023



Sales by end markets  
in (LTM June 2023)



Scalian is a fast growing European consulting firm, leader in the combined position of both operational & digital technologies





# A strong and balanced customer portfolio

**Balanced portfolio of blue-chip clients across sectors**, all with Supplier Master Agreement. No sector dependency offering for each of them opportunity to triple the size of activity.

**30-year track record with trusted clients.** All of them are through direct panel access, and main of them have more than 20 years of collaboration.

**Top 10 clients represent 38%** of revenues in distinctive sectors: Automotive, Defense, Energy, Aerospace, Bank...



# A compelling financial profile, fuelled by organic & external growth

Revenue CAGR of c.30%, of which  
c.12% organically despite covid

9 successful acquisitions &  
integrations since 2015

Improvement of margin  
by c. 600 bps over the period

## Acquisitions

FRANCE  
ALYOTECH

CMT+  
GROUPE SCALIAN

itaguere  
indizen  
SCALIAN GROUP

AGENSYS

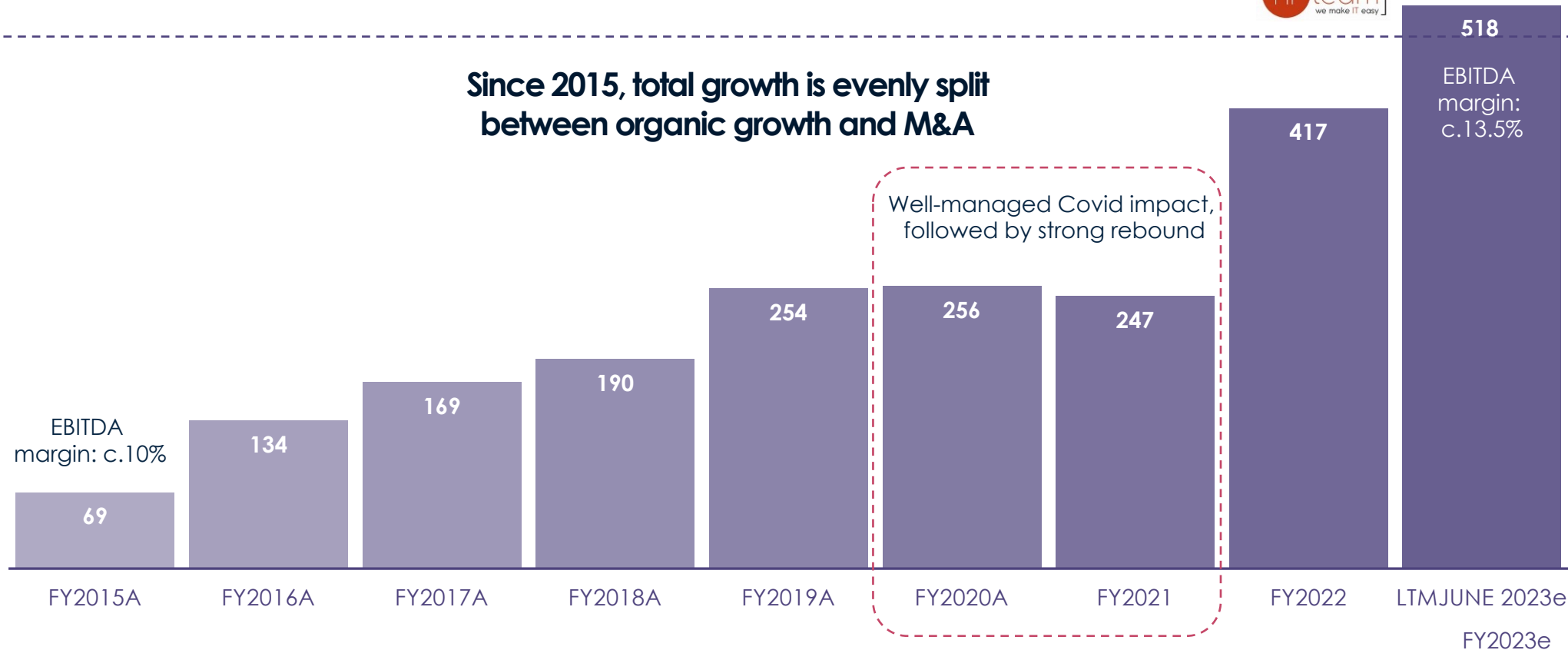
onefirst  
GROUP

NOVEANE  
GROUPE SCALIAN

hr team  
we make IT easy

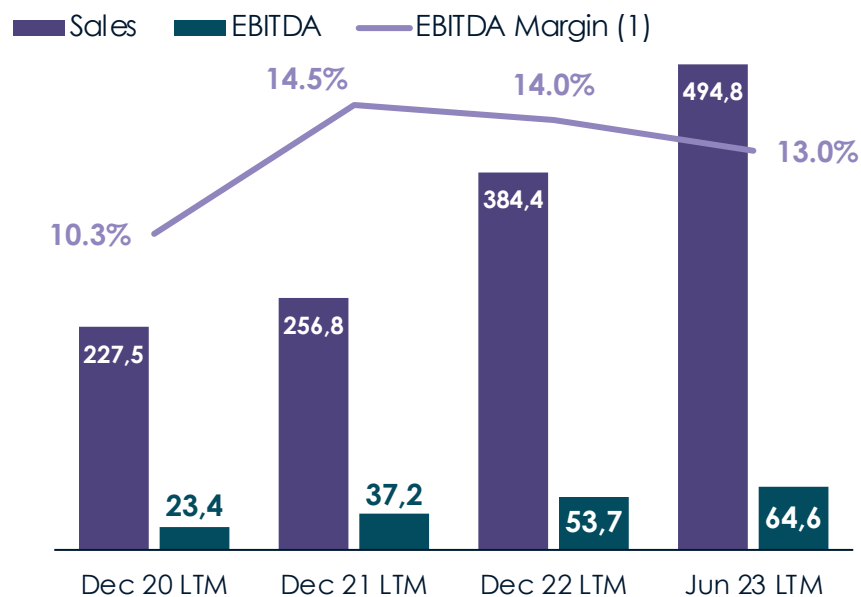
consult  
con energy  
YUCCA  
IT SOLUTIONS

Since 2015, total growth is evenly split  
between organic growth and M&A





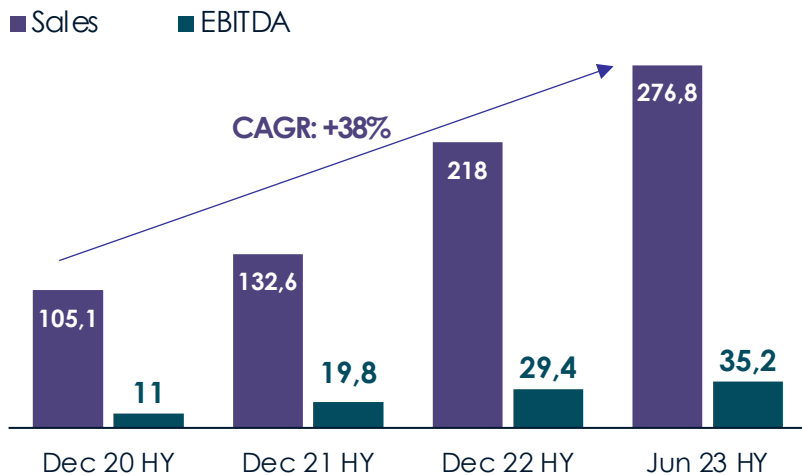
# Strong performance (€M)



PF Revenue  
**€518M**

PF Adjusted EBITDA <sup>(2)</sup>  
**€70M**  
**@13.5%**

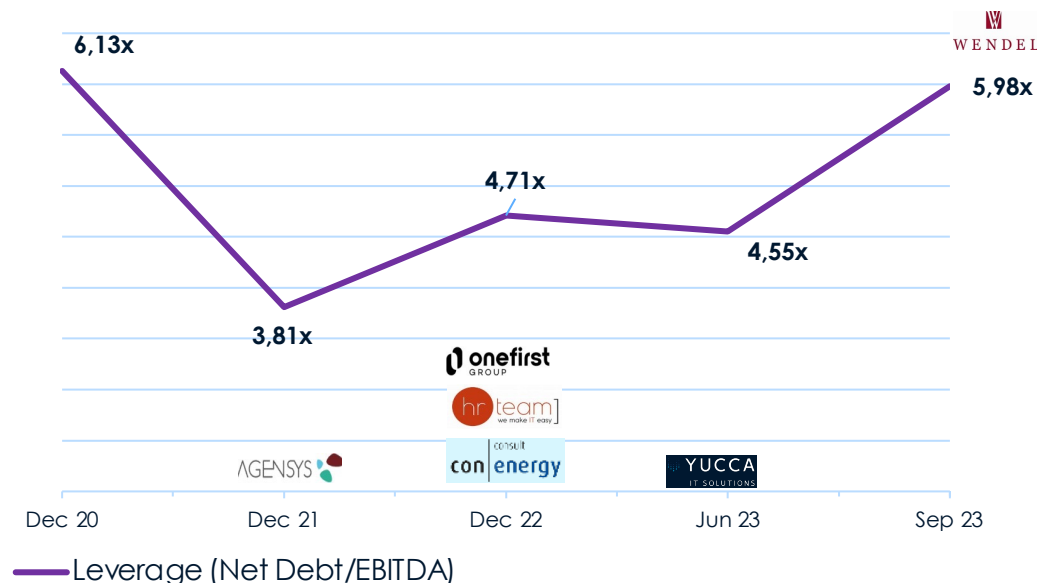
## Half year performance (€M)



(1) EBITDA is post IFRS 16 impacts, before non-recurring items and operational adjustments

(2) EBITDA post IFRS 16 PF of build-ups and after adjustments . (3) As per financial documentation. (4) Free cash flow conversion rate: (Adjusted EBITDA-CAPEX-Working capital) / Adjusted EBITDA

## Leverage<sup>(3)</sup> (end of period)



- **Strong organic growth** as of June 2023, at +22.6% LTM, outperforming peers
- Growth primarily driven by volume effect combined with modest Average Daily Rate (ADR) increase
- **Q3 2023 has exhibited a more challenging market environment and is impacted by seasonality, but growth has held up at +13% LFL**
- For the 12 months ended in June 2023, whilst topline exceeded the plan, margins have been slightly impacted by lower utilization rates, **EBITDA margin of 13.5% achieved**
- **Strong operating cash flow** over LTM June 2023, ~70% on average<sup>(4)</sup>
- Leverage ratio reflects (i) active M&A and (ii) Wendel acquisition in July 2023, funded through Equity and Bonds issuance

# What is Scalian today ?

Scalian addresses **attractive markets underpinned by positive growth trends**

Scalian has built **undisputed leading positions** in industries markets protected by **barriers to entry**

**Expert dual positioning** combining management consulting in operations with digital leverage across diversified markets

**In digital and tech, Scalian is involved both in product design and specific custom applicative software**

**Efficient and asset-light business model**

High customer intimacy over 30 years driving **proven expertise capabilities**

**Organic performance track record and M&A ability to integrate expert company inside the organization**

**ESG proactive** well ahead of environmental legislation

**Highly cash generative** business model and deleveraging profile





# CEO vision – Medium term plan

Further geographic expansions, each with high growth potential

**Continuous reinforcement of our core specialties in System Engineering and Operation Performance**

**Increasing gross margin by introduction of “bestshore” solutions and internal leverage from analytics and AI**

**Increasing brand recognition in North America** to accelerate cooperation for our European clients and find new US clients

**ESG driving our innovation and portfolio development**

- Extend our Operational Performance and consulting portfolio by integrating ESG dimension coupled with data/AI



# — What will make us stand out in the market

To support our strategy, we continue to develop our differentiating competencies and professionalize our company through:

- **Deep levels of (C-level) customer intimacy**
- **Targeted acquisitions in specialty System Engineering** (e.g., electronics, system engineering, nuclear, drones...)
- **Accelerated innovation and solutions from AI based on our strong data analytics assets**
- **Further development of our geographical footprint** with the targeted creation a **second growth platform in North America**
- **Attraction and retention of our talent** enhanced through collective **ESG initiatives** and **brand** expansion

**We strive to remain the most dynamic and agile company in terms of customer development in our industry in an ever more unpredictable and faster changing world**





# — ESG, a priority for our customers and a nascent promising business opportunity for Scalian



Scalian is **well positioned on all ESG aspects:**

- as a responsible company, with **several certifications** and **proven HR performance**
- as a service provider, through its **ESG expertise and offers**



- Since 2017, Scalian has been a **member of the UN Global Compact**
- Scalian holds several certifications (**ISO 9100, 9001, 14001, 27001**), obtained an **Ecovadis silver medal in 2022** and has the ambition to **accelerate its CSR approach by 2025**, in compliance with Wendel's objectives
- Since 2018, Scalian is contributing to the reduction of carbon emissions through external initiatives and internal programs implemented by its c.5,000 employees



## **Strong potential to develop new ESG offers in a fast-growing market:**

- **Expertise in CSR Consulting**, environment strategy deployment, EHS operations
- **The acquisitions of Conenergy and Noveane in 2022** have strengthened Scalian's expertise of the energy segment (covering various types of services such as life cycle assessment, carbon footprint, sustainable supply chain and procurement, decarbonation, etc.)

## — How we deal with current challenges



**Scalian has recently reinforced its organization** to fit with the priorities of the strategic plan: geographic expansion, development of system engineering, *bestshoring* and key global accounts management to win bigger deals with higher project margins



Scalian has successfully implemented **a series of price increases**, mitigating volume reductions and **protecting profitability**, across all business lines



**A good brand attractiveness for recruitment to serve a strong organic growth**



**Scalian has intrinsic levers to adjust gross margins and SG&A costs** to balance versus necessary investment to support our **ambition to grow reach to €1.5bn in revenues** (sales organization, automation, etc.)



**Scalian has a strong M&A ambition** and is well organized to address in parallel several opportunities in all dimensions (country, sizes, domain of skills)

## —Key takeaways



**European leading player** with long established relationships in a **rapidly developing industry**



**Long-term growth** supported by several sector mega trends



Strong track record of **organic & external growth**,  
with successful integration of selective acquisitions



**Strategy based on multiple growth initiatives:**  
by domain, and across IT/OT, by sector, by geography



**Revenue upside** identified in the ESG/sustainability fields



**Strong fit with Wendel's long and successful track record** in Business Services

# Q&A session



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