

Half-year results online, caution for end of 2008/09 financial year, signature of major contract with GDF Suez

In €M	H1 2008/09	H1 2007/08	Variance
Revenues	47.7	33.5	+ 43%
EBIT	4.9	4.2	+ 16%
<i>Operating margin</i>	<i>10.2%</i>	<i>12.6%</i>	
Operating income	4.8	4.2	+ 14%
Group's share of net profit	3.0	2.7	+ 9%
<i>Net margin</i>	<i>6.2%</i>	<i>8.1%</i>	

In the first half of the 2008/09 financial year Solucom achieved revenues of € 47.7M, up overall 43% on H1 2007/08. During the period, as of 1 April 2008, the group integrated Cosmosbay~Vectis, as well as having solid, organic growth of 14% for the half year, which was at the upper end of the range in the annual roadmap.

Despite definite first signs of a slowdown at several accounts, Solucom has been able to benefit from its large sectoral presence to obtain growth in sectors and amongst clients that have retained healthy business dynamics.

At the same time the group has stayed on course in human resources, with its staff up 37% in six months, and 6% on a constant basis. Thus at 30 September 2008 Solucom had 910 employees.

First half a bit off colour for Cosmosbay~Vectis...

Cosmosbay~Vectis has been more affected than the rest of the group by the economic situation, and in Q2 2008/09 posted a drop in its consultants' load factor, due mainly to sales under-performance. These rather disappointing first few months in no way dampen Solucom's ambition to get Cosmosbay~Vectis's profitability in line with that of the group by the end of next financial year.

...but group operating indicators holding up well

The group's activity rate was down to 80% during the half-year, on account of the integration of Cosmosbay~Vectis, as against 85% in H1 2007/08. On a constant basis, however, it was in fact exactly stable as compared with the previous year.

Daily sales prices, at an average of € 737, were slightly up by 1.5% over the half-year (-1% at constant scope). This reflects the positioning of Solucom's added value and Cosmosbay~Vectis's positive contribution, whose sales prices have held up well.

Operating margin in line with the roadmap

EBIT was € 4.9M for the half-year, up 16% on the parallel period the previous year. The operating margin was 10.2%, in line with the target of 10% - 12% sought for the entire financial year.

The group's share of net profit came to € 3.0M, up 9%, with costs of net borrowing expenses at € 0.2M.

At 30 September 2008 net borrowing expenses came to € 8.9M while shareholders' equity stood at € 27.8M.

Priorities for second half-year

In order to combat a now unavoidable slowdown, Solucom is going to sharpen the focus of its commercial investments and give priority to optimising its activity rates. At the same time, the group intends to display its agility, both in terms of sectors and services it offers, to put it in a position to win those growth opportunities that remain in the market.

Solucom has decided to maintain its recruiting effort, while remaining extremely vigilant about how the economic situation develops.

Caution for 2008/09 growth target

On account of the deteriorating business environment, Solucom prefers to adopt a cautious approach to its 2008/09 growth target. Since Solucom's financial year is not the calendar year, its second semester is October 2008 – March 2009, a period in which the full effects of the economic slowdown can be expected to be fully felt. This caution thus leads the group to set its turnover target between € 100M and € 105M (hence a medium growth of 40%), as against € 105M and +44% growth originally contemplated.

However, Solucom confirms its initial operating margin target of between 10% and 12% for the entire financial year, which is buttressed by a conservative cost control policy.

Signature of a major contract: IT convergence programme of GDF Suez

Solucom has been selected to be the consulting partners for the IT convergence as part of the merger between Gaz de France and Suez. This programme will involve opening 80 sites over the next 3 years.

For this major project, Solucom has consulted to the IT Director of the new group on the scaling of the convergence plan, and is providing support for management of the entire programme. Solucom is also supporting GDF Suez in many operational areas (telecoms, data centres, identity and access management, business continuity plans etc).

Upcoming dates: Turnover for Q3 2008/2009 financial year on 27 January 2008 (after close of trading).

Solucom: IT to serve our clients' performance results

Solucom is an IT & management consultancy.

Solucom also gives advice to large corporations regarding their IT systems strategies, and assists them in defining and steering their IT projects. Upstream, Solucom also gives advice to companies and telcos for their marketing strategies, business performance, and core business transformation projects

Its positioning is summarised by its mission statement: IT to serve our clients' performance results.

Solucom is the partner of the largest French companies in their national and international projects: Air France-KLM, Alstom, ANPE-Unedic, AP-HM, Banque de France, BNP Paribas, Bouygues Telecom, Carrefour, Crédit Agricole, EDF, GDF Suez, La Poste, L'Oréal, Ministries of the Economy, of National Education, and of the Interior, MMA, Orange, RTE, Sanofi-Aventis, SFR, SNCF, Société Générale, Total.

Solucom was awarded the "innovative company" qualification by OSEO Innovation.

Solucom is listed on compartment C of the Paris Euronext market of NYSE Euronext.

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All of our financial information is published on www.solucom.fr

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