

## 2009/10 results: organic growth of 1% and current operating margin of 9.7%

At its meeting on 31 May 2010, Solucom's Supervisory Board approved the consolidated annual financial statements, summarised below. The audit has been completed and the audit report for accounts certification is being prepared by the auditors.

In €M - Audited data at 31 March	2009/10	2008/09	Change
<b>Turnover</b>	103.4	101.9	+ 1%
<b>EBIT</b>	10.1	11.4	- 12%
<i>Current operating margin</i>	9.7%	11.2%	
<b>Operating income</b>	7.0 *	11.1	- 37%
<b>Group's share of net profit</b>	3.3 *	7.0	- 54%
<i>Net margin</i>	3,1%	6.9%	

\* of which € 3M of goodwill depreciation

At the end of the 2009/10 financial year Solucom had achieved consolidated turnover of € 103.4M, representing a small organic growth of 1%. Within a particularly difficult market situation, with contraction certainly close to 10% in the IT services consulting sector in 2009, the company has demonstrated its effective resistance capacity.

### Retaining human capital and heavy sales investments: choices that paid off

This extra performance has been in particular the result of the strategy Solucom has implemented, with the choice of retaining its human capital while carrying out a heavy investment programme on the sales front. At the same time, the company has demonstrated its agility within the sector by winning potential in those market sectors that stood up the best, while adjusting the services it was offering to clients' requirements during the crisis.

In terms of human resources, the company has gradually restarted recruiting during H2. Staff at Solucom was slightly up, at 978 employees at 31 March 2010, as compared with 966 a year earlier.

The activity rate rose gradually throughout the period to 80% for 2009/10, as against 79% for the entire preceding financial year.

The priority accorded ensuring the activity rate, however, weighed on the average daily price, which came to € 717 for the entire period, down 3%. After three consecutive years of sales price rises, this development was mainly due to increased competition rather than greater pressure from clients.

### Good resistance of the current operating margin at 9.7%

Operating profit was € 10.1M, down somewhat by 12% as compared with 2008/09. Current operating margin came to 9.7%. This was higher than the revised, mid-period target, set at between 7% and 9%, notwithstanding the poorer performance of Cosmosbay-Vectis, which posted an operating loss of € 2.4M.

This operating profit takes into account the reclassification for tax purposes on income of part of the local economic tax, which replaces the previous professional tax. Without this reclassification, Current operating margin would have been 9.4%.

Even though the recovery at Cosmosbay~Vectis is now well underway, the difficulties during the previous period and the market uncertainties that remain for 2010/11 have led Solucom to protect against unforeseen circumstances and amortise goodwill by € 3.0M. After accounting for this non-recurrent item, operating income came to € 7.0M in 2009/10, as against € 11.1M a year earlier.

The Group's share of net profit stands at € 3.3M, which amounts to a net margin of 3.1%.

### **Net cash stood at € 2.0M as at 31 March 2010**

As at 31 March Solucom's shareholder equity stood at € 34.3M. The depreciation of goodwill had no impact on cash, with net cash up strongly at € 2.0M as at 31 March 2010, as against net borrowings of € 5.2M a year earlier.

Solucom will be proposing to the Shareholders' General Meeting on 24 September 2010 the payment of a dividend for the 2009/10 financial year of € 0.19. This is stable compared with the previous period and represents a distribution rate of 15% of the Group's share of net profit before amortisation of goodwill.

### **Solucom: proven capacity to handle market buffeting in 2009/10**

In the deep crisis year of 2009, Solucom demonstrated that its business model could resist market buffeting, as well as the relevance of its positioning as an independent consulting firm, even though the IT services market segment was one of the most affected by the crisis. The company was thus able to continue growth during the period, and to retain strong profitability while retaining its human capital. In addition, the recovery of Cosmosbay~Vectis is now well under way, and as at 31 March 2010 Solucom benefited from reconstituted financial muscle.

The 2009/10 financial year ended successfully the strategic plan launched in 2007. Solucom is today one of the 5 top IT consulting firms in France<sup>1</sup>, one of the targets of the plan. With a staff of almost 1,000, 30% of its revenues achieved outside technology consulting, and a well-established position in both governance and large-scale transformation programmes, Solucom has truly changed its scope and size.

### **2010/11: preparing for the next growth cycle**

While the IT services market has been stabilising since the end of 2009, the prospects of an economic recovery are moving further out and the difficulties in the euro zone are making business visibility for 2010 rather fragile.

Within this context, Solucom intends to consolidate around its basic principles, while strengthening its capabilities for involvement in major upgrade projects, along the lines of the recent successes achieved with such clients as Crédit Agricole, the French Post Office and the French Ministry of Finance.

The room for manoeuvre created by the improvement in operating indicators will be put to good use when preparing the firm's future growth. Solucom in particular intends to restart its recruitment efforts, get back to a more dynamic growth in remuneration, and more broadly, increase team loyalty and develop team potential. In addition, Solucom expects to win new market positions through a continuation of its sales investment and burnishing its image.

While focused on these investments, intended to place it among the post-crisis winners, Solucom has set itself the target for 2010/11 to restart its rhythm of organic growth and to get back to a double-digit current operating profit.

Next announcement: Q1 2010/11 turnover, on 21 July 2010 (after closing of the stock market).

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<sup>1</sup> Source (PAC, may 2010)

## About Solucom

*Solucom is a management and IT consulting firm.*

*Solucom's customers are among the top 200 large companies and public bodies. For them, Solucom is capable of mobilizing and combining the skills of nearly 1,000 staff members.*

*Our mission statement? To place innovation at the heart of business lines, target and steer transformations that are sources of added value, and turn the information system into an actual asset designed to serve corporate strategies.*

*Solucom is listed on NYSE Euronext Paris and has been granted the innovative company award from OSEO Innovation.*



All our news on: [www.solucom.fr](http://www.solucom.fr)

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