

Annual results 2010/11: 11.7% current operating margin "Solucom 2015", a new ambition for Solucom

At its meeting on 30 May 2011, Solucom's Supervisory Board approved the consolidated annual financial statements at 31 March 2011, summarised below. The audit has been completed and the audit report is being prepared by the auditors.

Consolidated data at 31st March (In €m)	2010/11	2009/10	Change
Turnover	108.0	103.4	+4%
EBIT	12.6	10.1	+ 25%
<i>Current operating margin</i>	11.7%	9.7%	
Operating income	12.6	7.0*	+ 80%
Group's share of net profit	6.9	3.3*	+ 113%
<i>Net margin</i>	6.4%	3.1%	

* After goodwill amortisation of €3.0m

At the end of the 2010/11 financial year Solucom had achieved consolidated turnover of €108.0m, representing organic growth of 4% on 2009/10.

The past year was characterised by a clear improvement in the market for IT services, especially the consulting segment. Solucom was able to take advantage of this situation by rebalancing its sales portfolio, with a scaling down of its leading client and a strengthening of its activity in the finance sector.

Activity rate 85%, up 5 points

The development of operating indicators is also a reflection of a more buoyant market situation. The activity rate was sharply up at 85% in 2010/11, as compared with 80% in the previous financial year. Sales prices, after a continuous drop in the first half, rose in the second half. They remained virtually stable for the period at €713 as compared with €717 the year before.

On the other hand, the market recovery was marked by real tension in human resources. The relative inertia of the firm's new recruitment drive, and the increase in staff turnover (20% across the period), led to a drop in staff to 915 employees at 31 March 2011, as against 978 a year earlier.

To remedy this situation, Solucom speeded up its human resource actions in the second half-year, while providing a new push to its salaries policy for the coming financial year. The effects of the initiatives taken ought to bear fruit gradually during the 2011/12 financial year.

Annual results in line with targets

The improvement in the operating indicators has facilitated financing accelerated spending on human resources, communication, and preparations for future growth, representing more than 2 points of turnover. It has also fed an increase in the current operating margin, which was 11.7%, as compared with 9.7% a year earlier. Solucom's EBIT was €12.6m, up 25% on 2009/10.

It is recalled that this figure takes into account the reclassification for tax purposes on income of part of the *Contribution Économique Territoriale* local tax, which replaces the previous Professional Tax. This reclassification represents one point of improvement in current operating margin between 2009/10 and 2010/11.

Without any additional operating income or expenses, operating income came to €12.6m, up 80%. It is recalled that in 2009/10 Solucom amortised goodwill by €3.0m.

The Group's share of net income was €6.9m, up 113% on 20/2010.

An even more powerful strike force with a net cash position of €9.5m

As at 31 March 2011 Solucom's shareholder equity stood at €40.0m. With an operating cash flow of almost €10.0m, the firm has seen its cash flow increase sharply during the period, to end at €9.5m at 31 March 2011, as compared with €2.0m a year previously.

Solucom shall be proposing to the Shareholders' General Meeting to be held on 28 September 2011 the payment of a dividend for the 2010/11 financial year of €0.21 per share, up 11% on last year, and representing a distribution of 15% of the Group's share of net income.

"Solucom 2015", a new ambition for Solucom

Between 2000 and 2010 Solucom has grown considerably, which has allowed it to achieve its strategic objective, to take 5th place in the French market for IT consulting.

2011 marks the start of a new cycle for the firm, in a market which itself is entering a new growth phase.

Growth that is fed by an increasingly urgent need for major companies and organisations to upgrade: to innovate, to become more competitive, to develop in new markets, and to meet new competitive and regulatory challenges. The IT system has taken uncontested centre stage in these changes, ever since it has invaded every process in companies, including their core businesses.

Solucom is convinced that this pressing need for change and upgrade and the key role played by IT will lead to a realignment of the IT consulting market. The historical frontier between management consulting and IT consulting is going to disappear. And the ability to closely combine the two spheres of know-how, business and technology, will become the essential key for making the changes succeed.

The "Solucom 2015" strategic plan is based upon that belief. Solucom intends to be at the forefront of this inevitable reorganisation of the consulting market.

Through its strategic plan Solucom's ambition is to become the No.1 independent consulting firm in France.

Turnover of €170m – €200m by 2015

"Solucom 2015" breaks down into 3 key strategic parts:

- Gain leading positions among the largest business clients;
- Go beyond borders in order to provide enhanced support for the firm's international clients;
- Go beyond a new milestone in terms of size, to have sales turnover of €170m to €200m by 2015.

The 2011/12 financial year will be the first stage of this plan.

The major challenges of the period will be to restart sustained growth of staff, recommence an active external growth policy, obtain new positions among business managements and make the first steps to grow abroad.

The 2011/12 targets translate these challenges while taking into account the drop in staff as at 31 March 2011, which will weigh upon the first two quarters and will put a brake on the firm's growth during the year.

Solucom has set itself the target for 2011/12 to achieve turnover, on the same scope of consolidation, of between €100m and €115m, and to make at least one targeted acquisition during the year.

In terms of profitability, the firm is targeting an operating margin prior to any acquisition of 10% - 12%, including the first strategic investments of the "Solucom 2015" plan.

Upcoming dates: Q1 2011/12 turnover, on 20 July 2011 (after closing).

About Solucom

Solucom is a management and IS consulting firm.

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

Its mission? 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.

Solucom has been granted the innovative company label by OSEO.



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



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ANNEX 1: CONSOLIDATED FINANCIAL STATEMENTS

<i>€000 - Consolidated data - IFRS standards</i>	31/03/11	31/03/10
REVENUES	108,022	103,443
Other operating income	0	0
Purchases consumed	3,426	1,912
Personnel costs (including profit share)	75,987	76,775
External costs	12,882	10,819
Taxes other than corporation tax	1,931	2,597
Net depreciation and provision charges	1,198	1,416
Other income and expenses on ordinary activities	(23)	(133)
OPERATING PROFIT ON ORDINARY ACTIVITIES	12,621	10,057
Other income and expenses from operations	0	(3,044)
OPERATING PROFIT	12,621	7,013
Financial income and expenses	7	29
Gross borrowing costs	150	193
NET BORROWING COSTS	143	164
Other financial income and expenses	69	59
PROFIT BEFORE TAX	12,547	6,908
Corporation tax	5,612	3,656
NET PROFIT FOR THE YEAR	6,935	3,252
Minority interests	0	0
NET PROFIT (GROUP SHARE)	6,935	3,252
Basic earnings (Group share) per action (€) (1)	1.41	0.66
Diluted earnings (Group share) per action (€) (1) (2)	1.40	0.65

(1) Weighted average number of shares during the year excluding treasury shares

(2) In accordance with IAS 33, earnings per share for the years ended 31 March 2011 and 31 March 2010 were recalculated based on the number of shares as at 31 March 2011.

ANNEX 2: CONSOLIDATED BALANCE SHEET

<i>€000 – Consolidated data – IFRS standards</i>	31/03/2011	31/03/2010
NON-CURRENT ASSETS	31 018	30 952
Goodwill	24 364	24 364
Intangible fixed assets	295	209
Tangible fixed assets	2 430	2 331
Long-term investments	648	554
Other non-current assets	3 280	3 493
ACTIF COURANT	53 736	47 794
Actions		
Trade receivables	33 617	34 770
Other receivables	6 092	4 333
Assets	0	0
Cash and cash equivalents	14 027	8 691
TOTAL ASSETS	84 754	78 746
SHAREHOLDERS' EQUITY (GROUP SHARE)	40 040	34 296
Share capital	497	497
Issue, merger and contribution premiums	11 219	11 219
Consolidated reserves and retained earnings	28 325	22 581
Minority interests	0	0
TOTAL SHAREHOLDERS' EQUITY	40 040	34 296
NON-CURRENT LIABILITIES	3 984	5 941
Long-term provisions	1 674	1 576
Borrowing (due in more than 1 year)	2 333	4 290
Other non-current liabilities	77	75
CURRENT LIABILITIES	40 730	38 508
Short-term provisions	1 341	989
Borrowings (due in less than 1 year)	2 305	2 386
Trade payables	4 007	3 071
Tax and social security liabilities	28 712	28 223
Other current liabilities	4 365	3 839
TOTAL LIABILITIES	84 754	78 746

ANNEX 3: CONSOLIDATED CASH FLOW STATEMENT

€000 – Consolidated data – IFRS standards	31/03/2011	31/03/2010
Total net consolidated profit	6,935	3,252
<i>Elimination of non-cash items :</i>		
Depreciation and provision charges	1,641	4,698
Expense / (income) from stock options and similar items	0	0
Post-tax capital losses / (gains) on sales of assets	7	95
Other non-cash income and expenditure	92	(1 335)
Free cash flow after borrowing costs and tax	8,675	6,711
Exchange differences on free cash flow	0	0
Change in working capital	1,163	2,069
Cash flow from operating activities	9,838	8,780
Purchase of intangible and tangible fixed assets	(939)	(560)
Sale of fixed assets	1	9
Change in long term investments	(475)	491
Change in consolidation scope	0	(617)
Other cash flow from investing activities	0	
Net cash flow from investing activities	(1413)	(676)
Capital increase – proceeds from exercise of stock	0	0
Purchase and sale of treasury shares	0	0
Dividends paid to shareholders of the parents company	(937)	(937)
Dividends paid to minority interests of subsidiaries	0	0
Other cash flows from finance activities	(2,142)	(2,101)
Net cash flows from financing activities	(3,079)	(3,039)
Net change in cash and cash equivalents	5,346	5,065