solucom
management & IT consulting

Press Release *Paris, 27 November 2012*

A dynamic 1st Half, resistant profitability but under pressure, annual growth targets reviewed upwards

At its meeting on 26 November 2012, Solucom's Supervisory Board approved the consolidated half-year financial statements as at 30 September 2012, summarised below. The auditors have summarily examined these financial statements.

Consolidated data as at 30 September (In €m)	H1 2012/13	H1 2011/12	Change
Turnover	59.5	50.0	*+19%*
EBIT	4.3	4.1	*+4%*
Current operating margin	*7.2%*	*8.2%*	
Operating income	4.9	4.1	*+19%*
Group's share of net profit	3.3	2.0	*+64%*
Net margin	*5.6%*	*4.0%*	

At the end of the first half of 2012/13, Solucom's consolidated turnover was €59.5M, up 19%, of which 7% was growth on the same consolidation scope.

Despite a depressed market, the firm's growth has been dynamic in the period, with sustained organic growth, the result of intense sales investments and the continuation of recruitment efforts, as well as two external growth transactions, Alturia Consulting and Eveho, which have been consolidated since 1 April 2012.

Operating indicators still solid despite market difficulties

On the other hand, the difficult market environment has weighed on the firm's operating indicators, even if these have in the end stood up well.

The activity rate was 81% for the 1st half of 2012/13, including Alturia Consulting and Eveho, and 83% for the same consolidation scope. Even though this figure is in line with the firm's usual range (82% - 84%), it is down as compared with the 1st half of 2011/12 (85%).

Sales prices are down, with an average daily rate of €715 for the half year, €713 at the same consolidation scope, as against €720 for the entire past financial year. The drop of 1% at the same consolidation scope is in line with the firm's annual forecast, but was slightly compensated for by the higher average daily rates of Alturia Consulting and Eveho.

Current operating margin firm but under pressure

This slight tension on indicators together with the increase in sales investments has put the brakes on growth in EBIT. This was €4.3M for the half-year, up 4%. Current operating margin was 7.2%, as against 8.2% the previous year.

Operating profit came to €4.9M, up 19%. This figure includes the recognition in Other Operating Income of a research tax credit for 2010 and 2011, and of costs related to the recent acquisitions, posted to Other Operating Costs. The Group's share of net income came to €3.3M, up 64% on the first half of the 2011/12 financial year. The net margin was 5.6%, as against 4% a year earlier.

Substantial leeway for financial manoeuvre

Consolidated shareholders' equity was strengthened at €47.1M at the end of the 1st Half. Net cash flow was €3.3M after financing the acquisitions of Alturia Consulting and Eveho, but prior to the payment following the merger with Stance.

After the acquisition of Stance at the beginning of the 2nd Half, Solucom retains considerable room for financial manoeuvre, thanks to opening confirmed lines of credit of €16M, and the issue of a €3M debenture as part of the Micado France 2018 transaction.

This liquid cash position gives the company the ability to seize new development opportunities and already now ensures the financing of the Solucom 2015 strategic plan.

The bet on growth despite the crisis

The past half-year has allowed the company to progress towards Solucom 2015 with:

- dynamic growth, beyond the initial roadmap;
- the company's value proposition is taking shape, combining business know-how with technological skills;
- confirmation of Solucom opening up abroad, which has led the firm to create a subsidiary at the end of the half-year in Casablanca to serve its Moroccan clients.

The 2nd Half has opened in a market situation that remains unattractive. Demand has slowed down, competition has become tougher, and there is increasing pressure on prices. The company sees no signs of an easing in the short-term and visibility as to the beginning of 2013 remains uncertain.

Despite the situation, Solucom intends to maintain its growth efforts, while remaining very much on guard about how its advanced indicators develop and the market environment.

Increased growth targets, confirmation of the margin target

Allowing for the progress the company has made to 30 September 2012 on its annual road map and the acquisition of Stance at the beginning of October, Solucom is revising upwards its target for annual growth. The company is now fixing the target to achieve total growth of over 19%, as against 13% initially, together with organic growth of over 5%, as against an initial target of positive organic growth.

At the profitability level, Solucom is maintaining its target of annual current operating margin in double figures, even if this target is becoming tighter due to present market difficulties.

Upcoming date: Q3 2012/13 turnover, 23 January 2012 (after close of trade).

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 more than 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.

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Annex 1: consolidated income statement at 30/09/2012

(In € '000)

	30/09/2012	30/09/2011	31/03/2012
TURNOVER	**59 475**	**50 048**	**108 058**
Other operating income			
Purchased consumables	2 087	1 709	3 624
Personnel costs (including profit share)	44 255	36 439	76 733
External costs	6 879	6 799	13 556
Taxes and duties	1 185	778	1 824
Net depreciation and provision charges	783	226	669
Other income and expenses on ordinary activities	13	7	5
OPERATING INCOME BEFORE TAX AND EXCEPTIONAL ITEMS	**4 273**	**4 090**	**11 647**
Other operating revenues and charges	594	(1)	(47)
OPERATING PROFIT	**4 867**	**4 089**	**11 600**
Interest Income	1	41	60
Financial expenses	32	56	107
NET BORROWING COSTS	**31**	**15**	**47**
Other financial income and expenses	22	(8)	3
PROFIT BEFORE TAX	**4 858**	**4 066**	**11 556**
Tax burden	1 539	2 048	4 557
NET PROFIT FOR PERIOD	**3 319**	**2 018**	**6 999**
Minority interests			
NET PROFIT (Group's share)	**3 319**	**2 018**	**6 999**
Net earnings (Group's share) per share (€) (1) (2)	0.68	0.42	1.44
Diluted earnings (Group's share) per share (€) (2)	0.67	0.41	1.40

(1) Average weighted number of shares over the period excluding treasury shares

(2) In accordance with IAS 33, a retrospective restatement has been made to calculate the net earnings per share as at 30/09/11 and as at 31/03/12, on the basis of the number of shares as at 30/09/12.

Data certified by the Auditors, following a limited review of the accounts

Annex 2: Consolidated balance sheet as at 30/09/2012

(In € '000)

	30/09/2012	31/03/2012
NON CURRENT ASSETS	**37 987**	**29 657**
Goodwill	31 424	24 137
Intangible fixed assets	301	162
Tangible fixed assets	2 376	2 463
Investments	749	700
Other non-current assets	3 137	2 195
CURRENT ASSETS	**53 663**	**57 600**
Clients and apportioned accounts	41 089	35 844
Other debtors	7 657	7 177
Investments		
Cash and cash equivalents	4 917	14 579
TOTAL ASSETS	**91 650**	**87 257**

SHARE CAPITAL (GROUP'S SHARE)	**47 127**	**45 159**
Equity	497	497
Issue, merger, and contribution premiums	11 219	11 219
Consolidated reserves and earnings	35 411	33 443
Minority interests		
TOTAL SHAREHOLDERS' EQUITY	**47 127**	**45 159**
NON-CURRENT LIABILITIES	**3 759**	**2 706**
Long-term provisions	3 247	2 197
Borrowings (due in more than one year)	267	288
Other long term liabilities	245	221
CURRENT LIABILITIES	**40 764**	**39 392**
Short-term provisions	1 264	856
Borrowings (due in less than one year)	1 306	2 263
Suppliers and apportioned accounts	5 798	5 544
Income tax and social security liabilities	26 219	26 843
Other current liabilities	6 177	3 886
TOTAL LIABILITIES	**91 650**	**87 257**

Annex 3: change in consolidated cash position as at 30/09/2012

(In € '000)

	30/09/2012	30/09/2011	31/03/2012
Total net consolidated profit	**3 319**	**2 018**	**6 999**
Elimination of non-cash items:			
Depreciation and provisions charges	1 120	362	1 107
Expenses / (Income) from stock options and similar items			
Capital losses / (Gains) from disposals net of tax	(4)	38	38
Other non-cash income and expenditure	(548)	100	1 350
Free cash flow after net borrowing costs and after tax	**3 887**	**2 518**	**9 494**
Exchange differences on free cash flow			
Change in working capital requirements	(4 229)	(1 921)	(3 698)
Net cash flow from operating activities	**(342)**	**597**	**5 796**
Acquisition of intangible and tangible assets	(486)	(562)	(1 032)
Disposal of fixed assets	1	0	0
Change in long-term investments	105	(577)	(1 213)
Effect of changes in scope of consolidation	(6 906)		0
Other cash flow from investments			
Net cash flow from investment operations	**(7 286)**	**(1 139)**	**(2 245)**
Capital increase - Proceeds from the exercise of stock options			
Purchase and sale of treasury shares			
Dividends paid to shareholders in the parent company	(1 066)	(1 031)	(1 026)
Dividends paid to minority interests of consolidated companies			
Other cash flows from financial operations	(977)	(978)	(1 966)
Net cash flow from financing operations	**(2 043)**	**(2 009)**	**(2 992)**
Net change in cash and cash equivalents	**(9 671)**	**(2 551)**	**559**

The amount of unused credit lines stands at € 4,000 thousand euros and corresponds to refinancing of the acquisition of Cosmosbay~Vectis: € 4,000 k;

The amount of taxes paid amounted to € 1,780 thousand in the first half of 2012 and € 1,629 thousand in the first half of 2011.

The amount of interest paid amounted to € 22 thousand in the first half of 2012 and to € 63 thousand in the first half of 2011.