

## Half-year results 2013/14: current operating profit up 54% Increased annual growth target

At its meeting held 25 November 2013, Solucom's Supervisory Board approved the consolidated half-year financial statements as at 30 September 2013, summarised below. The audit has been completed and the audit report is being prepared by the auditors.

Consolidated data as at 30 September (In €m)	H1 2013/14	H1 2012/13	Change
<b>Turnover</b>	64.9	59.5	+9%
<b>EBIT</b>	6.6	4.3	+54%
<i>Current operating margin</i>	10.2%	7.2%	
<b>Operating income</b>	6.3	4.9	+29%
<b>Group's share of net profit</b>	3.7	3.3	+11%
<i>Net margin</i>	5.7%	5.6%	

At the end of the first half of 2013/14, Solucom's consolidated turnover was €64.9m, up 9%, of which 7% was growth on the same consolidation scope

At the half-year the company is ahead of its annual road map. This solid progress has been the result of the determinedly aggressive approach adopted by Solucom since the start of the financial year.

### **New advances in accordance with Solucom 2015**

During the half-year the firm has continued its "business + technology" positions, in accordance with the value proposition in its Solucom 2015 plan.

Thus Solucom is supporting EDF in its strategic planning to accelerate its growth in energy services for businesses and local authorities. In particular, the firm is involved in the Smart Electric Lyon project, which is the greatest European experiment on the electrical systems of tomorrow.

In the insurance sector Solucom is working with Predica (Crédit Agricole Assurances) as part of its compliance work for Solvency II.

Abroad the company is advising the Société Centrale de Réassurance, the leading Moroccan reinsurance company, in drawing up and implementing its IT master plan for its 2013-2017 strategy. Solucom is also supporting Thalys in various innovative customer relationship projects, relating in particular with mobile services and social networks.

### **Solid activity rate, but an order book that has been under pressure since the summer**

The activity rate was 83% for the half-year, slightly up on the corresponding period the previous year (82%).

Prices have dropped slightly at €708 as against €713 in 2012/13, in line with the development of 0% - -1% expected at the beginning of the financial year.

The order book at 30 September stood at 3.1 months, as against 3.5 months at the end of March 2013. This erosion reflected a slowdown in sales during the summer, the effect of which was accentuated by the growth in the number of staff after the holiday period.

### **Current operating margin of 10.2%**

The sustained growth in the half-year together with maintaining the activity rate and the sales price has facilitated current operating profit of €6.6m, up 54% in comparison with the first half-year of 2012/13. The net margin was 10.2%, as against 7.2% a year earlier.

After deduction of other operating expenses, operating profit for the half-year came to €6.3m, up 29%. It should be recalled that in the first half of 2012/13 Solucom benefitted from other operating income related to the recognition of an R&D tax credit in respect of 2010 and 2011.

After accounting for corporation tax the Group's share of net profits came to €3.7m for the 1st half-year, up 11%, which represented a net margin of 5.7%, as compared with 5.6% last year.

### **Major financial resources**

The company's financial situation remains extremely solid at the end of the half-year.

Shareholders' equity increased to €56.8m, as against €54.4m at the end of the previous financial year. Net cash was €8.7m, as against €14.5m at 31 March 2013 and €3.3m at 30 September 2012.

During the half-year the company acquired the balance of the shares of Stance and paid the balance of the price of Eveho, the two items coming to €2.5m. There are no further payments to be made in respect of the three acquisitions made during the previous financial year.

With available cash, net of bank borrowings, of €12.2m and a confirmed line of credit of €12.8m that has not been drawn down, the firm now has the means to finance its entire strategic Solucom 2015 plan.

### **Aggressive approach confirmed**

The market environment for the time being has not shown the signs of improvement hoped for a few months ago. In this situation, the increase in staff combined with reduced visibility is causing a certain tension on the company's operating indicators.

However, the strong performance in the first half has provided support for Solucom's choice of an aggressive approach, particularly in recruitment and sales investments.

In terms of external growth, on 13 November 2013 Solucom announced it was examining a merger in the short-term with the organisational and management consulting firm, Lumens Consultants ([see press release of 13 November 2013](#)). The acquisition of Lumens Consultants, directly in line with the Solucom 2015 plan, would represent the firm's 4th transaction in a little over 18 months.

### **Increased growth target for 2013/14, confirmation of the margin target**

Since it is ahead of its annual road map, Solucom is revising its annual growth target upwards and is now expecting growth of 6.5%, as compared with 5% originally. This new target does not take account of the potential acquisition of Lumens Consultants.

In terms of profitability, the company confirms its EBIT target of between 10% and 12%, again excluding an acquisition of Lumens Consultants.

**Upcoming date:** publication of turnover for Q3 2013/14 on 22 January 2014 (after stock market close).

## 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 1,200 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 Bpifrance.*



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



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## Annex 1: consolidated income statement at 30/09/13

(In € '000)

	30/09/13	30/09/12	31/03/13
<b>TURNOVER</b>	<b>64 931</b>	<b>59 475</b>	<b>130 545</b>
Other operating income	0	0	0
Purchased consumables	1 534	2 088	4 449
Personnel costs (including profit share)	48 101	44 255	94 011
External costs	7 081	6 879	13 318
Taxes and duties	1 113	1 185	2 409
Net depreciation and provision charges	612	783	896
Other income and expenses on ordinary activities	(105)	12	(18)
<b>OPERATING INCOME BEFORE TAX AND EXCEPTIONAL ITEMS</b>	<b>6 595</b>	<b>4 273</b>	<b>15 480</b>
Other operating revenues and charges	(297)	594	(45)
<b>OPERATING PROFIT</b>	<b>6 298</b>	<b>4 867</b>	<b>15 434</b>
Interest Income	32	1	11
Financial expenses	129	32	154
<b>NET BORROWING COSTS</b>	<b>97</b>	<b>31</b>	<b>143</b>
Other financial income and expenses	(3)	22	43
<b>PROFIT BEFORE TAX</b>	<b>6 199</b>	<b>4 858</b>	<b>15 334</b>
Tax burden	2 501	1 539	4 998
<b>NET PROFIT FOR PERIOD</b>	<b>3 697</b>	<b>3 319</b>	<b>10 336</b>
Minority interests	0	0	0
<b>NET PROFIT (Group's share)</b>	<b>3 697</b>	<b>3 319</b>	<b>10 336</b>
Net earnings (Group's share) per share (€) (1) (2)	0,75	0,68	2,11
Diluted earnings (Group's share) per share (€) (2)	0,74	0,67	2,08

(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 30/09/12 and as at 31/03/13, on the basis of the number of shares as at 30/09/13.

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

## Annex 2: Consolidated balance sheet as at 30/09/13

(In € '000)

	30/09/13	31/03/13
<b>NON CURRENT ASSETS</b>	<b>42 731</b>	<b>42 663</b>
Goodwill	35 803	36 603
Intangible fixed assets	946	634
Tangible fixed assets	2 272	2 083
Investments	990	834
Other non-current assets	2 720	2 509
<b>CURRENT ASSETS</b>	<b>65 132</b>	<b>69 307</b>
Clients and apportioned accounts	47 070	43 610
Other debtors	5 648	7 551
Investments	0	
Cash and cash equivalents	12 414	18 146
<b>TOTAL ASSETS</b>	<b>107 863</b>	<b>111 970</b>

<b>SHARE CAPITAL (GROUP'S SHARE)</b>	<b>56 843</b>	<b>54 411</b>
Equity	497	497
Issue, merger, and contribution premiums	11 218	11 218
Consolidated reserves and earnings	45 128	42 696
Minority interests	0	0
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>56 843</b>	<b>54 411</b>
<b>NON-CURRENT LIABILITIES</b>	<b>7 161</b>	<b>6 916</b>
Long-term provisions	3 719	3 362
Borrowings (due in more than one year)	3 184	3 258
Other long term liabilities	258	296
<b>CURRENT LIABILITIES</b>	<b>43 860</b>	<b>50 643</b>
Short-term provisions	1 040	1 102
Borrowings (due in less than one year)	544	361
Suppliers and apportioned accounts	5 129	6 160
Income tax and social security liabilities	29 588	34 800
Other current liabilities	7 559	8 221
<b>TOTAL LIABILITIES</b>	<b>107 863</b>	<b>111 970</b>

### Annex 3: change in consolidated cash position as at 30/09/13

(In € '000)

	30/09/13	30/09/12	31/03/13
<b>Total net consolidated profit</b>	<b>3 697</b>	<b>3 319</b>	<b>10 336</b>
<i>Elimination of non-cash items:</i>			
Depreciation and provisions charges	819	1 120	1 727
Expenses / (Income) from stock options and similar items			
Capital losses / (Gains) from disposals net of tax	1	(4)	(10)
Other non-cash income and expenditure	(1 069)	(548)	139
<b>Free cash flow after net borrowing costs and after tax</b>	<b>3 448</b>	<b>3 887</b>	<b>12 193</b>
Exchange differences on free cash flow			
Change in working capital requirements	(5 555)	(4 229)	2 359
<b>Net cash flow from operating activities</b>	<b>(2 107)</b>	<b>(342)</b>	<b>14 552</b>
Acquisition of intangible and tangible assets	(529)	(486)	(927)
Disposal of fixed assets		1	1
Change in long-term investments	906	105	222
Effect of changes in scope of consolidation	(2 530)	(6 906)	(10 150)
Other cash flow from investments			
<b>Net cash flow from investment operations</b>	<b>(2 153)</b>	<b>(7 286)</b>	<b>(10 854)</b>
Capital increase - Proceeds from the exercise of stock options			
Purchase and sale of treasury shares			
Dividends paid to shareholders in the parent company	(1 555)	(1 066)	(1 066)
Dividends paid to minority interests of consolidated companies			
Other cash flows from financial operations	(82)	(977)	890
<b>Net cash flow from financing operations</b>	<b>(1 637)</b>	<b>(2 043)</b>	<b>(176)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5 897)</b>	<b>(9 671)</b>	<b>3 521</b>