

H1 operating income on ordinary activities up 19%

Full-year growth revised upwards

On 23 November 2015, Solucom's Board of Directors met to approve the Group's H1 2015/16 interim financial statements for the six-month period ended 30 September 2015, the details of which are summarised below. A limited review of these results was conducted by the Group's statutory auditors.

Consolidated full-year figures at 30/09 (€m)	H1 2015/16	H1 2014/15 restated ⁽¹⁾	% change	H1 2014/15 reported
Revenues	91.4	73.7	+24%	73.7
Operating income on ordinary activities	9.4	7.9	+19%	7.6
<i>Ebit margin</i>	10.3%	10.7%		10.3%
Operating income	9.1	7.9	+16%	7.6
Group share of net income	5.2	4.5	+17%	4.3
<i>Net margin</i>	5.7%	6.1%		5.8%

(1) Interim 2014/15 results restated to factor in the application as of the beginning of 2015 of the IFRIC 21 standard relative to the accounting of levies.

After a dynamic first-half performance, Solucom posted interim revenues of €91.4m at end-September 2015, up 24% on year-earlier levels. Excluding the consolidations of Audisoft Oxéa, Hudson & Yorke, Arthus Tech, and the assets of Hapsis, like-for-like growth came out at 15% over the period.

This interim performance reflects a sharp improvement in trading conditions relative to 2014, with a gradual recovery in demand over the period driven notably by new project launches and initiatives undertaken related to the digital revolution.

Against this profitable backdrop, the firm stepped up its recruitment efforts which, together with the acquisitions of Hapsis and Arthus Tech, boosted the number of employees from 1,514 at end-March 2015 to 1,618 at end-September 2015.

Prices up 3%

In H1 2015/16, the consultant utilisation rate came out at 83%, stable on 2014/2015 levels.

The average daily rate advanced 3% on 2014/15 full-year levels to €741 on the back of a favourable basis of comparison and the last wave of companies consolidated by the Group.

At end-September 2015, visibility remained limited with the H1 2015/16 order book standing at 3.3 months.

Group share of net income up 17%

At the interim stage, operating income on ordinary activities advanced 19% on H1 2014/15 levels to €9.4m.

The Ebit margin is 10.3% over the period versus 10.7% for the year-earlier level.

In the first half, Solucom carried out the first series of investments linked to the Up 2020 strategic plan. In this respect, the Group stepped up operations at the international level and undertook further measures in the fields of innovation and digitisation.

Factoring in other operating income and expenses amounting to €0.3m (the bulk of which comprising costs attached to the last series of acquisitions carried out by the Group) operating income rose 16% year-on-year to €9.1m.

Group share of net income advanced 17% to € 5.2m, representing a net margin of 5.7%.

Net cash of €14.3m at 30 September 2015

Despite cash outlays related to the acquisitions of Hapsis and Arthus Tech over the period, and the dividend paid out relative to fiscal year 2014/15, the firm boasted a surplus net cash position of €14.3m, versus €22.6m at end-March 2015. Acquisitions earn-outs stand at €1.3 m.

At the interim stage, shareholders' equity stood at €76.5m.

Pursue of dynamic growth over H2

Solucom enjoyed robust growth in the first half of the year; a performance which is perfectly in keeping with the Up 2020 strategic plan. The first six months of the year were particularly eventful at the international level with the acquisition of Arthus Tech in Switzerland, a partnership concluded with the firm, ShifIN in the Gulf Region, and targeted prospection efforts carried out in other geographic zones.

In the second half, Solucom will prioritise the consolidation of its most recent acquisitions and pursue its actions abroad.

At the same time, the firm will also focus on identifying and, where appropriate, seizing the most relevant growth opportunities with regard to its strategy.

Merger project between with Kurt Salmon's business in Europe¹

Solucom has entered exclusive negotiations with a view to acquiring most of Kurt Salmon's European activities¹ ([see press release issued on 23/11/2015](#)).

With revenues of circa €300m, the new entity would not only become a major player in the European consulting market but also one of the Top 3 consulting firms in France according to PAC / CXP Group.

Full-year growth objective revised upwards

On the back of this solid first-half performance, including Arthus Tech and excluding the potential acquisition of Kurt Salmon's activities in Europe¹, Solucom is raising its 2015/16 full-year revenue objective and now expects growth of over 16% vs 12%, previously. On a like-for-like basis annual growth objective is of 8%.

The firm has also confirmed its full-year Ebit margin objective of 11-13%.

CSR strategy: Solucom rewarded by Gaïa Index for its CSR commitment

The Gaïa non-financial index, which lists more than 400 French SMEs and mid-tier companies, rewarded Solucom in October for its global CSR strategy by placing the Group at the head of its category comprising firms with revenues of between €150m and €500m.

Next publication: Q3 2015/16 revenues, 26 January 2016 (after market close).

¹ excluding retail & consumer goods consulting

About Solucom

Solucom is a consulting firm founded in 1990 whose mission is to guide and champion the enterprise transformation. Solucom's approach is founded upon the belief that the key to successful enterprise transformation lies in the ability to simultaneously master business, organisational and technological challenges.

Solucom's clients rank among the top 200 major companies and local authority bodies. To serve its clients' needs, Solucom has access to a network and the collective skills of more than 1,600 employees operating in France, the UK, Switzerland Belgium and Morocco.



Solucom is listed on Euronext Paris and integrated in the Tech40 index. In addition, the Company is eligible to benefit from the PEA-PME share-savings plan, was awarded the "Innovative Company" label by the French public investment bank, BPIFrance, and obtained the Great Place To Work® status in 2015.

Solucom

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Appendix 1: Summary consolidated income statements at 30/09/15

<i>Audited consolidated data - IFRS standards (€k)</i>	30/09/2015	30/09/2014 ⁽³⁾	31/03/2015 ⁽³⁾
Revenues	91,427	73,654	163,147
Purchases consumed	3,202	1,726	4,257
Personnel costs /expenses (including profit sharing)	66,630	55,561	118,210
External expenses	10,090	7,366	15,703
Levies and taxes	1,502	981	2,846
Net allocation for depreciation and provisions	839	73	1,070
Other operating income and expenses	-239	30	-80
Operating income on ordinary activities	9,402	7,917	21,141
Other operating income and expenses	-297	-62	-713
Operating income	9,105	7,855	20,428
Financial income	24	29	74
Cost of gross financial debt	117	122	238
Cost of net financial debt	93	92	165
Other financial income and expenses	-111	7	-55
Pre-tax income	8,901	7,770	20,209
Income tax expenses	3,675	3,307	7,613
Net results for the period	5,227	4,463	12,596
Minority interests	0	0	0
Group share of net income	5,227	4,463	12,596
Group share of net profit/loss per share (€) ^{(1) (2)}	1.07	0.91	2.57
Group share of net profit/loss per share (€) ^{(1) (2)}	1.07	0.91	2.57

(1) Number of shares weighted over the period

(2) In accordance with IAS 33, calculations of net EPS at 30/09/2014 and 31/03/2015 have been restated retrospectively on the basis of the number of shares as at 30/09/2015.

(3) Restated for retrospective application of IFRIC 21.

Appendix 2: consolidated balance sheet at 30/09/15

<i>Audited consolidated data - IFRS standards (€k)</i>	30/09/2015	31/03/2015 ⁽¹⁾
Goodwill	52,274	47,998
Intangible assets	1,036	998
Tangible assets	6,106	1,896
Financial assets - (> 1 year)	1,063	935
Other non-current assets	2,403	3,075
Non-current assets	62,882	54,903
Stocks	0	0
Accounts receivable (client)	58,917	53,808
Other receivables	9,358	8,416
Financial assets	0	0
Cash and cash equivalent	18,038	26,162
Current assets	86,314	88,386
Total assets	149,195	143,289
Capital	497	497
Issue & merger premiums, additional paid-in capital	11,218	11,218
Reserves and consolidated income	64,885	60,944
Conversion-rate adjustment	-73	115
Total shareholders' equity, Group share	76,528	72,773
Minority interests	0	0
Total equity	76,528	72,773
Long-term provisions	6,907	6,892
Financial liabilities (>1 year)	3,335	3,213
Other non-current liabilities	1,546	1,871
Non-current liabilities	11,788	11,976
Short-term provisions	1,922	1,696
Financial liabilities (<1 year)	444	377
Trade payables	8,218	7,032
Tax and social security liabilities	38,144	41,123

Other current financial liabilities	12,152	8,311
Current liabilities	60,879	58,539
Total liabilities	149,195	143,289

(1) Restated for retrospective application of IFRIC 21.

Appendix 3: consolidated statement of cash flows at 30/09/15

<i>Audited consolidated data - IFRS standards (€k)</i>	30/09/2015	30/09/2014 ⁽³⁾	31/03/2015 ⁽³⁾
Consolidated net income	5,227	4,463	12,596
Elimination of non-cash elements			
Net depreciation and provisions	1,508	541	2,034
Net capital gains (losses) on disposals	35	-12	-6
Other calculated income and expenses	631	245	-106
Gross cash flow ⁽¹⁾	7,401	5,238	14,517
Change in WCR	-7,508	-3,107	39
Net cash flow from operations	-108	2,130	14,556
Intangible and fixed asset acquisitions	-679	-617	-983
Asset disposals	0	14	40
Change in financial assets	-289	-788	-741
Impact of changes in scope of consolidation ⁽²⁾	-5,225	0	-5,201
Net cash flow from investments	-6,193	-1,391	-6,886
Dividends distributed to parent-company shareholders	-1,915	-1,620	-1,620
Dividends distributed to minority interests of consolidated companies	0	0	0
Other flows from financing operations	82	-98	80
Net cash flow from financing activities	-1,834	-1,718	-1,540
Net change in cash and cash equivalent	-8,134	-978	6,129
Impact of translation differences	11	3	10
Opening cash position	26,150	20,012	20,012
Closing cash position	18,027	19,036	26,150

- (1) Gross cash flow is calculated after cost of net financial debt and current tax expenses.
Solucom paid tax charges of €4,409k and interest of €108k in H1 2015, vs. € 6,256K and €106k, respectively, in H1 2014.
and interest of €108k in H1 2015 vs. €106K in H1 2014.
- (2) The line "Impact of changes in scope-of-consolidation " refers to the acquisitions of Hapsis' assets and the company Arthus Tech,
as well as the earn-out commitment paid within the context of the Trend Consultants acquisition.
- (3) Restated for retrospective application of IFRIC 21.