

2015/16 EBIT margin of 12.8%

Revenues of €340m targeted in 2016/17 on back of full impact of merger between Solucom and Kurt Salmon's European business*

On May 30th 2016, Solucom's Supervisory Board met to approve the Group's 2015/16 consolidated financial statements for the twelve-month period ended March 31st 2016, the details of which are summarized below. The consolidated financial statements have been audited and the certification report duly published by the Company's statutory auditors.

Consolidated ⁽¹⁾ full-year figures at 03/31 (€m)	2015/16	2014/15 ⁽²⁾	Change	2015/16 Pro-forma ⁽³⁾
Revenues	233.0	163.1	+43%	326.2
Operating income on ordinary activities	29.8	21.1	+41%	34.5
<i>Ebit margin</i>	12.8%	13.0%		10.6%
Other operating income and expenses	(6.7)	(0.7)		
Operating income	23.1	20.4	+13%	26.6
Cost of net financial debt	(0.7)	(0.2)		
Income tax expenses	8.4	7.6		
Group share of net income	13.4	12.6	+6%	14.3
<i>Net margin</i>	5.7%	7.7%		4.4%

(1) Consolidated data including Hapsis consolidated since 04/01/15, Arthus Tech since 07/01/15 and Kurt Salmon since 01/01/16.

(2) 2015/16 results restated to factor in the application as of the beginning of 2016 of the IFRIC 21 standard relative to the accounting of levies.

(3) Pro-forma 2015/16 financial information based on 12-month consolidation of the European activities of Kurt Salmon (as if acquisition had taken place on 04/01/15)

Full-year growth of 43%, of which 15% like-for-like

At end-March 2016, Solucom reported 43% growth in consolidated 2015/16 revenues to €233.0m.

This dynamic growth performance over the period enabled the Group to exceed its organic and total growth objectives, raised during the year. On a like-for-like basis, full-year growth came out at 15%. Excluding Kurt Salmon's European business*, Solucom reported revenues of €200.2m, up 23%, year-on-year.

This growth was accompanied by a sharp increase in headcount, which totaled 2,511 employees at the end of the fiscal year, compared with 1,514 at end-March 2015. This increase was due notably to the addition of 777 Kurt Salmon staff members and Solucom hirings carried out over the period. The Group significantly exceeded its recruitment objectives despite increasingly competitive market conditions in terms of Human Resources.

The staff turnover rate, excluding Kurt Salmon, remained low at 10%. At Kurt Salmon, the staff turnover rate over the three-month consolidation period came out at 19%, in line with previous years.

* excluding Retail & Consumer Goods.

Favorable pricing trends

Despite a slight dip at the beginning of 2016, the consultant utilization rate (excluding Kurt Salmon) remained solid at 83% over the year, stable on full-year 2014/15 levels.

Concerning the Kurt Salmon scope of activity, the consultant utilization rate over the three-month consolidation period, came under pressure at 69%. This reflects a certain slowdown in sales, probably exacerbated by measures undertaken within the context of the merger with Solucom.

Excluding Kurt Salmon, prices continued to rise with the average daily rate coming out at €745, up 4% year-on-year, and +2.5%, like-for-like. Kurt Salmon prices over the first three months of its consolidation also remained solid with an average daily rate of €1,062.

At end-March 2016, the order book (excluding Kurt Salmon) stood at 3.4 months. While this reflects an improvement on end-December 2015, visibility remains limited.

For the record, at this stage, the Company is unable to communicate any information on its consolidated indicators, since the data of Solucom and Kurt Salmon are not comparable due to differences in their management regulations.

Profitability, including Kurt Salmon, at high end of forecast range

Operating income on ordinary activities came out at €29.8m in 2015/16, implying a year-on-year increase of 41%. As a result, EBIT margin over the period widened to 12.8%, at the high-end of the Group's forecast range. Excluding Kurt Salmon, full-year EBIT margin came out at 13.9%.

In 2015/16, Solucom booked other operating costs of €6.7m, the bulk of which related to the acquisition of, and the implementation of the merger with Kurt Salmon, as well as other merger operations and provisions booked for the Solucom Corporate Foundation skills-sponsorship program. Factoring in these elements, operating income came out at €23.1m, up 13% year-on-year.

Group share of net income advanced 6% to €13.4m, implying a net margin of 5.7%.

Strong cash flow generation and net debt under control

Solucom generated net cash flow from operations of €15.5m in 2015/16 on the back of a 19% increase in cash flow.

The Kurt Salmon acquisition, paid for exclusively in cash, was financed by a €95m bank loan.

At March 31st 2016, the Company boasted a comfortable cash position of €39.8m. Net financial debt stood at €58.8m for equity of €85.0m at the end of the period.

At the General Shareholders Meeting on July 20th, 2016, Solucom management will propose the distribution of a €0.41 per-share dividend relative to the 2015/16 fiscal year, up 5% on 2014/15.

Consolidated full-year figures at 03/31 (€m)	2015/16	2014/15 ⁽¹⁾	Consolidated full-year figures at 03/31 (€m)	2015/16	2014/15 ⁽¹⁾
Non-current assets	147.0	54.9	Shareholders' equity	85.0	72.8
o/w goodwill	130.4	48.0			
Current assets	124.9	62.2	Long-term liabilities	128.2	66.9
o/w trade receivables	101.0	53.8			
Cash	39.8	26.2	Financial liabilities	98.6	3.6
			o/w less than 1 year	5.3	0.4
Total assets	311.8	143.3	Total liabilities	311.8	143.3

(1) 2015/16 results restated to factor in the application as of the beginning of 2016 of the IFRIC 21 standard relative to the accounting of levies.

Birth of a new consultancy player

The 2016/17 fiscal year got under way with the determination of both Solucom and Kurt Salmon to form a new consultancy firm with a distinctive value offering perfectly in line with the challenges facing the most strategic clients in the digital age. The creation of this new firm will be symbolized by the launch of a new brand to replace those of Solucom and Kurt Salmon.

With a staff of 2,500 employees operating across 4 continents, this new firm will be one of the major sector players in Europe and the leading independent consultancy firm in France.

The merger project implemented at the beginning of January and based on a collaborative approach, is now entering its decisive phases. The combined Solucom/Kurt Salmon management team has been formed. The framework of the new firm, notably concerning its value offering and business model, as well as the basic principles of its Human Resources policy, is now being finalized. The physical merging of the firms' teams will be completed in the coming weeks.

At the same time, commercial synergies are rapidly gaining momentum, with more than forty joint projects won, worth total revenues of more than €7m.

The launch of a new brand in H2 2016/17 will be the crowning achievement of these operations, and the new entity will be fully operational as of October 1st, 2016.

Outlook 2016/17

Solucom's key objective for 2016/17 is to ensure the success of the merger with Kurt Salmon.

The challenges in the next few months will be to keep operating performances under control and to minimize any disruptions stemming from the adoption of the new entity's business model.

The two-fold objective for the second half will be to ensure the successful launch of the new brand and to capitalize on the value creation potential offered by the merger of the two companies.

At the financial level, the Group is targeting consolidated revenues of over €340m in 2016/17, implying consolidated growth of more than 45% (+4% pro forma). Regarding profitability, Solucom is targeting an EBIT above €34m and a double-digit EBIT margin.

The publication of 2016/17 interim results at end-November may serve as the occasion for the new entity to raise its 2020 objectives.

Next publications and upcoming events: Publication of Q1 2016/17 revenues – July 19th 2016 (after market close); and the Shareholders' General Meeting - July 20th 2016, at 8.30 am: Pavillon Gabriel, Paris.

About Solucom

Founded in 1990, Solucom is a consulting firm whose mission is to guide and champion major enterprise transformations. Solucom's approach is founded upon the belief that the key to successful corporate transformation lies in the ability to simultaneously master business, organizational and technological challenges. Solucom's clients rank among the top 200 companies and local authorities in France.

At the beginning of 2016, Solucom joined forces with the European activities of Kurt Salmon (excluding Retail & Consumer Goods) to create a new leader in the European consulting market. With a combined workforce of 2,500 consultants, this new entity already has offices in Paris, London, Geneva, Brussels, Luxembourg, Casablanca and New York, and, via strategic partnerships, operations in Dubai, Hong Kong and Singapore.



Solucom is listed on Euronext Paris and integrated in the Tech40 index. *In addition, the group is eligible to benefit from the PEA-PME share-savings plan, was awarded the "Innovative Company" status by the French public investment bank, BPIFrance, and "Great Place To Work®" status in 2016.*

Solucom

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Appendix 1: consolidated income statement at 03/31/16

<i>Audited consolidated data - IFRS standards (€k)</i>	03/31/2016	03/31/2015 ⁽¹⁾
Revenues	233,020	163,147
Purchased consumed	9,665	4,257
Personnel Costs	162,614	118,210
External expenses	25,533	15,703
Levies and taxes	4,396	2,846
Net allocation for depreciation and provisions	971	1,070
Other operating income and expenses	60	-80
Operating income on ordinary activities	29,783	21,141
Other operating income and expenses	-6,682	-713
Operating income	23,100	20,428
Financial income	19	74
Cost of gross financial debt	757	238
Cost of net financial debt	738	165
Other financial income and expenses	-581	-55
Pre-tax income	21,781	20,209
Income tax expenses	8,423	7,613
Net results	13,358	12,596
Minority interests	0	0
Group share of net income	13,358	12,596
Group share of net profit/loss per share (€) ^{(2) (3)}	2.73	2.57
Group share of diluted net profit/loss per share (€) ^{(2) (3)}	2.73	2.57

(1) Restated for retrospective application of IFRIC 21.

(2) Number of shares weighted over the period.

(3) In accordance with IAS 33, net earnings per share at 31/03/2015 restated retrospectively on the basis of the number of shares at 31/03/2016.

Appendix 2: consolidated balance sheet at 03/31/16

<i>Audited consolidated data - IFRS standards (€k)</i>	03/31/2016	03/31/2015 ⁽¹⁾
Goodwill	130,397	47,998
Intangible assets	659	998
Tangible assets	7,584	1,896
Financial assets - more than one year	1,030	935
Other non-current assets	7,373	3,075
Non-current assets	147,043	54,903
Stocks	0	0
Accounts receivable (client)	100,976	53,808
Other receivables	23,969	8,416
Financial assets	0	0
Cash and cash equivalent	39,786	26,162
Current assets	164,732	88,386
Total assets	311,774	143,289
Capital	497	497
Issue & merger premiums, additional paid-in capital	11,218	11,218
Consolidated reserves and earnings	73,589	60,944
Conversation-rate adjustment	-325	115
Total shareholders' equity, Group share	84,979	72,773
Minority interests	0	0
Total equity	84,979	72,773
Long-term provisions	12,309	6,892
Financial liabilities - more than one year	93,294	3,213
Other non-current liabilities	368	1,871
Non-current liabilities	105,972	11,976
Short-term provisions	9,139	1,696
Financial liabilities - less than one year	5,332	377
Trade payables	13,442	7,032
Tax and social security liabilities	77,360	41,123
Other current financial liabilities	15,551	8,311
Current liabilities	120,824	58,539
Total liabilities	311,774	143,289

(1) Restated for retrospective application of IFRIC 21.

Appendix 3: consolidated statement of cash flows at 03/31/16

<i>Audited consolidated data - IFRS standards (€k)</i>	03/31/2016	03/31/2015 ⁽¹⁾
Consolidated net income	13,358	12,596
Elimination of non-cash elements	0	0
Net depreciation and provisions	6,247	2,034
Income and charges from stock options	0	0
Net capital losses / gains from disposals	49	(6)
Other calculated income and expenses	(2,338)	(106)
Gross cash flow ⁽²⁾	17,316	14,517
Translation difference - Cash flow	0	0
Change in WCR	(1,850)	39
Net cash flow from operations	15,466	14,556
Intangible and fixed asset acquisitions	(7,645)	(983)
Asset disposals	2	40
Change in financial assets	(218)	(741)
Impact of changes in scope of consolidation ⁽³⁾	(88,520)	(5,201)
Other flows from investment transactions	0	0
Net cash flow from investments	(96,380)	(6,886)
Capital increase - proceeds from the exercise of stock options	0	0
Buyback and resale of company shares	0	0
Dividends distributed to parent-company shareholders	(1,915)	(1,620)
Dividends distributed to minority interests of consolidated companies	0	0
Other flows from financing operations	96 192	80
Net cash flow from financing operations	94,277	(1,540)
Net change in cash and cash equivalent	13,363	6,129
Impact of translation differences	(96)	10
Opening cash position	26,150	20,012
Closing cash position	39,417	26,150

(1) Restated for retrospective application of IFRIC 21.

(2) Cash flow calculated after cost of net financial debt and tax. Solucom booked a tax charge of €7,268k and net financial costs of €255k in 2015/16, vs. €8,645k and €202k respectively in 2014/15.

(3) "Impact of scope-of-consolidation changes" corresponds to the acquisitions of Hapsis assets and the companies Arthus Tech and Management Consulting Group France (the French holding company of Kurt Salmon activities), as well as the earn-out payment related to Trend Consultants.