

# DEVOTEAM reports 8% increase in revenues and 30% growth of earnings per share in 2010 - strong performance of ITSM, Southern Europe and Russia.

Paris, March 1st, 2011

<i>In millions of euros (1)</i>	<b>31.12.2010</b>	31.12.2009	<b>Change</b>
<b>Revenues</b>	<b>495.0</b>	459.5	<b>+8%</b>
<b>Operating Margin (2)</b>	<b>29.6</b>	28.5	<b>+4%</b>
<i>In % of revenues</i>	<b>6.0%</b>	6.2%	
<b>Operating Profit</b>	<b>26.2</b>	20.3	<b>+29%</b>
<i>In % of revenues</i>	5.3%	4.4%	
<b>Net Income – Group share</b>	14.3	10.9	+31%
Diluted earnings per share (3)	<b>1.39 €</b>	1.07 €	<b>+30%</b>
<b>Cash and cash equivalents (4)</b>	<b>69.9</b>	96.2	

(1) Financial statements included in this press release were accepted by the Group Executive Board on February 28<sup>th</sup>, 2011 and are currently being reviewed by the Group external auditors.

(2) Defined as current operating profit excluding the impact of stock options and amortization of intangible assets resulting from acquisitions. It takes into account the changes in business tax legislation in France, hence excluding the corresponding charge of € 2.7 million in 2010.

(3) Based on the weighted average number of shares for the period.

(4) Including bank overdrafts and cash management instruments recognized in other financial assets.

2010 consolidated accounts can be downloaded from our Web site: <http://www.devoteam.com>

Devoteam (NYSE Euronext Paris: DVT) reported financial results for the year ended December 31<sup>st</sup>, 2010, in line with its guided range. Revenues stood at €495 million, an increase of 8 percent over the same period last year. Diluted earnings per share were €1.39, an increase of €0.32, or 30 percent, over the same period last year.

Stanislas de Bentzmann, Co-CEO of the Group commented on the results:

"After having relatively well withstood the crisis in 2009, 2010 saw both positive and negative trends for the Group. The strong performance of the IT Service Management offering and the accelerated development in *emerging markets* offset temporary difficulties in Northern Europe and France. In addition, favourable trends observed in early 2011 should allow a stronger return to growth."

## 2010 Financial review

Revenues stood at €495 million, an increase of 8 percent over the same period last year, reflecting a 1 percent growth excluding revenues from acquisitions (stable in local currency). Excluding Wola Info, fully consolidated in the fourth quarter of 2010, revenues were €489 million, at the top of the company's guided range of "€485 million to €490 million excluding Wola Info."

Operating Margin was €29.6 million, an increase of 4 percent compared with 2009. The change in operating margin as a percentage of revenues (from 6.2 percent to 6.0 percent) compared with 2009 reflects the increased use of subcontractors and higher costs of consultants.

Operating Profit for 2010 grew 29 percent to €26.2 million, or 5.3 percent of revenues, compared to €20.3 million, or 4.4% of revenues in 2009. It benefits from the negative goodwill booked when the Group acquired the French subsidiary of Tieto. It also includes one-off costs due to restructuring expense of €5.6 million and a loss on goodwill impairment of €1.6 million.

Financial result improved by €0.8 million year-on-year to €-1.7 million.

The company's tax cost was €8.3 million, compared with €5.8 million in 2009. The higher tax rate in 2010 was due to the change of accounting method applicable to the French "Taxe Professionnelle".

Net income attributable to the shareholders of Devoteam SA was €14.3 million, compared with €10.9 million for 2009, an increase of 31 percent. This improvement was also reflected in the EPS figure.

Operating cash flow for the year was €13.4 million. It was €18.2 million for the same period last year. It was impacted by an increase in working capital, as the Group revenues grew during the year.

Cash invested in acquisition of subsidiaries (net of cash acquired) amounted €4.7 million in 2010, while property and equipment additions were €4.8 million.

Devoteam's total cash balance at December 31<sup>st</sup>, 2010 was €69.9 million, compared with €96.2 million at December 31<sup>st</sup> 2009. It takes into account a €18.6 million reimbursement of the convertible bond issued in 2006.

### **Performance analysis for the fourth quarter of 2010**

Revenues for the fourth quarter of 2010 rose 10% to €136.6 million, compared with €124.1 million over the same period of 2009. Tieto, Wola Info and Fornebu Consulting together contributed €12.3 million to the quarterly revenues of the Group. Excluding the effect of discontinued reselling activities in Turkey, organic growth in the fourth quarter of 2010 would have been 2 points higher, hence confirming a reversal on the downward revenue trend. On this background, the Group accelerated its recruitment policy.

Operating Margin for the quarter was €10.3 million, or 7.5 percent of revenues, compared with €9.6 million, or 7.7 percent of revenues, for the fourth quarter of 2009. Despite the rise in utilization, the margin was negatively impacted by a decrease of daily margins over billed days.

Technology Consulting and Business Consulting revenues (respectively €113 million and €23 million) each grew 10 percent for the quarter over the same period last year; both segments benefited from the effect of acquisitions.

Revenues in France stood at €60 million, an increase of 1 percent over the fourth quarter of 2009. Additional revenues coming from the acquisition of Tieto compensated the temporary decrease of revenues coming from the Business Consulting unit as well as the lower level of third parties software reselling.

Revenues outside France grew 19 percent to €77 million, negatively impacted by the reselling business stopped in Turkey but benefiting from the acquisition of Wola Info and Fornebu Consulting, and also from a strong organic growth in Southern Europe.

### **Headcount**

The Group headcount stood at 4,664 on December 31<sup>st</sup>, 2010, an increase of 227 people over the year.

## Financials by Operating Group and Geographic Region

<b>FY 2010</b>	<b>France</b>	<b>International</b>	<b>Technology Consulting</b>	<b>Business Consulting</b>
<b>Revenue Contribution</b> in millions of euros	<b>225</b>	<b>270</b>	<b>410</b>	<b>85</b>
<i>Growth year on year</i>	<i>2%</i>	<i>13%</i>	<i>8%</i>	<i>5%</i>
<i>Like for like growth</i>	<i>-4%</i>	<i>+4%</i>	<i>+1%</i>	<i>-3%</i>
<b>Operating Margin</b> in millions of euros	<b>12.5</b>	<b>17.1</b>	<b>24.7</b>	<b>4.8</b>
<i>In percentage of revenues</i>	<i>5.6%</i>	<i>6.3%</i>	<i>6.0%</i>	<i>5.7%</i>

In Germany, the restructuring efforts of 2009 started to pay off and our entity there reached profitability levels in line with those of the Group.

In Belgium, the scheduled decrease of business with NSN was offset by new contracts won in the field of ECM (Enterprise Content Management) and new business with local telecom operators.

In Spain, the repositioning of the whole business around ITSM offers enabled the signing of a major project for a tier 1 local telecom operator and thereby the recovery to “pre-crisis” level.

The financial crisis slowed down business in the Middle East, but return to normal level of business seems to be occurring over the last few months.

Thanks to a major and innovative project for Megafon, the Group achieved a strong performance in Russia this year.

The business of the Group in Scandinavia suffered in 2010, from the exposure to the public sector, but revenues started growing again in Sweden in the second half of 2010 and more recently in Denmark.

## 2011 Outlook and cash to shareholders

Business environment improved in a noticeable way during the fourth quarter of 2010. This was then confirmed during the first few months of 2011, leading Devoteam to aim for revenues of €530 million in 2011. Operating margin, excluding Wola Info, should exceed the level (in percentage of revenues) of 2010 but should remain stable when considering the whole Group.

A resolution proposing a dividend payment of €0.50 in cash will be submitted to the Shareholders' Meeting to be held on May 19th, 2011. Devoteam also repurchased its own shares for an amount of €6 million in 2010.

## Financial Calendar and Quarterly Publications in 2011

Q1: May 10, 2011

Q2: August 30, 2011

Q3: November 8, 2011

Q4: February 27, 2012

Annual Shareholders Meeting: May 19, 2011

Dividend Payment Date: June 1, 2011

---

### About Devoteam :

Devoteam is an IT consulting group created in 1995. Combining consulting and technical solutions offers enables Devoteam to provide its customers with independent advice and effective solutions that meet their industrial objectives. In 2010, Devoteam achieved a turnover of 495 M€ and an operating margin of 6%. The Group consists of 4 664 employees in 24 countries across Europe, North Africa and the Middle East.

Listing: NYSE Euronext since October 28, 1999

Part of the indexes: CAC MID & SMALL 190, SBF 250 of Euronext Paris, Gaia index

ISIN : FR 0000073793, Reuters : DVTM.PA, Bloomberg : DEVO FP

[www.devoteam.com](http://www.devoteam.com)

**Contact:** Stanislas de Bentzmann, Co-CEO, [stanislas.de.bentzmann@devoteam.com](mailto:stanislas.de.bentzmann@devoteam.com)

**Investor Relations:** Evelyne Broisin, Grégoire Cayatte, [finance@devoteam.com](mailto:finance@devoteam.com) , tel.: + 33 1 41 49 48 48

**Press :** Bastien Rousseau & Fatma Benbrima, [bastien.rousseau@pleon.com](mailto:bastien.rousseau@pleon.com) , [fatma.benbrima@ketchumpleon.fr](mailto:fatma.benbrima@ketchumpleon.fr) , tel : + 33 1 56 02 35 05 or + 33 1 53 32 62 06

---