



Turnover and Earnings for FY 2008-09

A year of transition devoted to major restructuring

A fiscal year of transition characterized by a very unfavorable economic environment

Avanquest Software announced sales of €104.1 million for the 2008-09 financial year closing at March 31, 2009, down by 10.6% from the same period of previous year but only by 4.9% like-for-like. Despite an especially difficult market context and the drop in the British pound, Avanquest managed to limit the downtrend thanks to a strong increase (+38%) of the OEM business and steady sales in the USA and on the Web.

In €M	2008-09 FY	2007-08 FY	Var.
Consolidated sales	104.1	116.4	-10.6 %
Consolidated sales like-for-like		109.3	-4.9 %

Sharp reduction in committed costs

As announced, major cost-reduction measures were undertaken during the 2008-09 financial year in order to adapt the Group's structure to the market context. This reorganization was completed in the final quarter of the year, with cost savings of nearly €6 million on an annual basis, and the Group's workforce reduced to 500 (as compared with 594 a year earlier). This far-reaching restructuring enabled the Group to approach the 2009-10 financial year with well-optimized overhead costs and a considerably lowered break-even point.

Restructuring costs impact earnings

The 2008/09 financial year will post a current operating income close to break-even (unaudited figure) compared with a loss of €0.6M for the same period last year.

Taking into account reorganization costs, which were fully accrued during the year, and the financial costs, net earnings will show a loss of close to €12 million for the fiscal year (unaudited figure), a significant share of which with no impact on cash.

Overhaul of strategy and product portfolio

At the same time, Avanquest has completed overhauling its product catalogue, favoring the deployment of the Group's best-selling software that contributes most to its margin. By substantially reducing the size of its product catalogue, Avanquest can focus on its core business: developing innovative software under its own brand.

In addition, the marketing teams are focusing on establishing new modes of distribution that will again raise margins and revenues: implementation of a European Internet portal for sales to businesses, offers of complementary modules and update subscriptions...

Abandoning certain products and distribution channels in favor of a more restricted line weighed heavily on business in the last quarter of 2008-09 and will weigh mechanically on new business in the coming months, but this strategy will have a strong impact in terms of profits beginning with the 2009-10 financial year.

A strengthened financial situation

The Group's financial autonomy was strengthened by the successful capital increase completed in March (€7 million). As of March 31, 2009, the net financial debt/equity capital ratio remains below 20%.

Independently of the reorganization completed in 2008-09, this operation is intended to finance the investments needed to pursue an offensive strategy, whether this involves renewing the software line or financing the community site project intended to bring together tens of millions of Avanquest software users worldwide.

2009-10: prioritizing profitability

Reorganization, refocusing on high-margin products, new strategy: despite the clouded market context that keeps us from making precise forecasts, Avanquest Software is confident that it has taken all measures necessary to get back to a steady dynamic of increasing earnings, beginning with the 2009-10 financial year.

Next financial announcement **2008/2009 Earnings:** June 25, 2009 (before Paris stock exchange opening)

Contacts

Analysts - Investors

Thierry Bonnefoi
+33 (0)1 41 27 19 74
tbonnefoi@avanquest.com

Communications & Press Relations

Christine Sauvaget
+33 (0)1 41 27 19 82
csauvaget@avanquest.com

Internet sites

<http://www.avanquest.com> <http://group.avanquest.com>

Codes **Ticker :** AVQ **ISIN :** FR0004026714 **Reuters :** AVQ.PA **Bloomberg :** AVQ:FP

