



PRESS RELEASE

2006 annual results in line with expectations

Operating margin: 9.0%

Net profit: €2.9M

Poissy, 23rd April 2007:

Environnement SA, a major player in instrumentation for the environment, today announces its audited consolidated annual results for its FY to 31st December 2006.

- **2006 annual results**

<i>In euro million</i>	2005	2006
Revenues	42.2	44.4 *
Operating profit	4.4	4.0
Operating margin	10.4%	9.0%
Attributable net profit	2.9	2.9
Net margin	6.9%	6.4%

* New accounting standards applied: percentage of completion

All of the Group's FY 2006 financial performances were at the top end of Environnement S.A's guidance bracket of October 2006.

Firstly, consolidated revenues for FY 2006 totalled €44.4m, an increase of +5.2% on 2005. This figure was notably due to the continuation of the increase in activity recorded over the first half of the year in the domain of smoke emission controls relating to the upgrading of French household waste incinerators to meet new higher standards, but also due to the Group's other activities performing well.

Operating profit totalled €4.0M, giving an operating margin of 9.0%, slightly above the guidance bracket (7% to 8.8%) and up significantly on the H1 margin (7.4%). This level is the result of an improvement in the gross margin, the optimisation of operating charges and a product mix more focussed on services, whilst the first half had seen substantial additional costs due to the implementation of these services in all French regions. These costs have now stabilised.

Net profit was €2.9M, giving a net margin of 6.4%, stable on 2005, notably due to good management of cash and research tax credits.

Environnement S.A's financial situation remains very sound, with shareholders equity of €29.9m and substantially negative gearing of -36.3% at 31st December 2006

Activity generated substantial cash flow, with this flow multiplied by 3 to €4.1m (excluding accounting restatements). The improvement in Working Capital Requirements continued, and stood at 76 days of revenues at 31st December 2006.

- **Main events**

2006 and the early part of 2007 have seen further commercial successes, a continuation in the search for productivity gains and Environnement S.A's deployment abroad:

- Optimisation of internal organisation in order to continue reducing operating costs
- Deployment of a new sales force to reduce production costs
- Development of Services activity, which represented 23% of 2006 revenues, notably through the success of Global Service Evolutive
- Strengthening of the Group's presence in the Middle East, with the successful launch of the regional support and service centre in the United Arab Emirates
- Reinforced presence in Asia, with the creation of a permanent office in Beijing
- Upgrading of the Group's US subsidiary Altech Environment USA Corp. on a fast-growing market because of the implementation of Clear Skies regulations

François Gourdon, Environnement S.A's Chairman, concludes: *"Our FY 2006 performances were in line with our expectations and reflect our capacity to consolidate growth. New regulations implemented around the world, such as the IPPC Directive in Europe and the Clear Skies programme in the United States, lead us to anticipate further years of growth in the image of the impact of the upgrading of French household waste incinerators to meet new higher standards carried out in 2005/2006. Our international renown, our technological lead and the extent of our range will enable Environnement S.A to position itself as a key player in an expanding market. We are confident that we will be able to maintain average activity growth of 10% to 15% per year over the medium long-term whilst permanently improving our margins. In 2007, Environnement S.A will pursue its complementarity strategy between organic growth and external growth in order to remain a leader in instrumentation for the environment in the future."*

**Next press release: 2007 half year sales
26th September 2007 after market**

About ENVIRONNEMENT S.A (www.environnement-sa.fr): Listed on Alternext by EuronextTM Paris since January 2006, Environnement S.A is a major player in instrumentation for the environment. For 25 years, Environnement S.A's mission has been to provide public and private operators with the necessary tools to assess and measure the impact of human activities on ecosystems. The company today has a strong know-how in instrumentation for the environment in 4 main sectors: ambient air monitoring, industrial emissions monitoring, water quality monitoring and engine gas monitoring.

In 2006, Environnement S.A's consolidated revenues amounted to €44.4M, with net profit of €3M.

Environnement S.A is listed on **Alternext** by EuronextTM Paris
ISIN: **FR FR0010278762** – Mnemonic: **ALTEV**
Reuters: **ALTEV.PA** - Bloomberg: **ALTEV FP**



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