Solucom

Quarterly financial information at 31 December 2012

solucom
management & IT consulting

Solucom
Public Limited Company with a Board of Directors and a Supervisory Board
With a capital of €496,688.20
Registered Office: Tour Franklin – 100/101 Terrasse Boieldieu
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NANTERRE COMMERCIAL REGISTRY 377 550249

This document contains quarterly financial information, in the meaning of article L.451-1-2 IV of the Monetary and Financial Code, in respect of the third quarter of Solucom's 2012/13 financial year.

1 - Turnover for the past quarter

Turnover (€ m)	**2012/13** (1)	**2011/12**	**Change**	**On a like-for-like basis**
H1	59.5	50.0	*+19%*	*+ 7%*
Q3 (2)	35.7	27.7	*+29%*	*+15%*
Total for 9 months (2)	**95.2**	**77.8**	***+22%***	***+10%***

(1) Including Alturia Consulting and Eveho since 1st April 2012 and Stance since 1st October 2012
(2) Unaudited data

In Q3 of its 2012/13 financial year (1 April 2012 - 31 March 2013) Solucom's consolidated turnover was €35.7m, up 29% as compared with Q3 2011/12.

At constant scope, the firm posted strong organic growth of 15%, benefiting in particular from the continuation of recruitment since the beginning of the financial year as well as a positive base effect. Thanks to the contribution of Alturia Consulting and Eveho, consolidated since 1 April 2012, and Stance since 1 October 2012, total growth came to 29% for the quarter.

The merger with Stance got off to a quick start, with the firm's staff already in the Solucom premises. At the sales level, the first synergies have materialised, despite a low growth market.

For the first nine months of the period, turnover was €95.2m, up a solid 22%, of which 10% was organic growth on a constant scope.

2 - General description of the financial situation and the quarterly results

The firm's activity rate has gradually risen. At the end of the first nine months of the year, it is now 82%, compared with 81% in the 1st half-year.

Pressure on prices has remained heavy, reflecting competition that is still strong.

The firm's average daily rate at the end of December was €717, as compared with €715 in the first half-year. At constant scope, these were on average €712 for the first nine months, compared with €713 in the 1st half-year.

At the end of December, Solucom had 1,168 employees, including the contribution from Stance, as compared with 992 at 31 March 2012.

The company has maintained its recruitment programme, which includes about 200 new recruitments for the financial year. Churn has remained at 12%, at the lower end of the annual target range (12%-15%).

Q3 was marked by a strengthening of the firm's financial resources through the opening of a confirmed line of credit of €16m as part of the Micado France 2018 transaction.

Notwithstanding the initial cash outflow related to the acquisition of Stance at the beginning of October, net cash flow at 31 December 2012 was positive and up as compared with 30 September 2012 (€3.3m). It in fact benefitted from the firm's traditional generation of cash flow in the 2nd half-year.

The beginning of 2013 has been marked by great caution on the part of clients, with only very gradual implementation of budgets. Pressure on prices remains high and competition is still especially strong.

In this situation, the company's order book provides limited visibility, at 3.4 months at the end of December, as compared with 3.5 months at the end of the first half.

Solucom has confirmed its annual growth target, which was revised upwards in November: overall growth of over 19%, together with growth of more than 5% on constant scope.

The company has maintained its two-digit annual EBIT target, even if this is becoming very tight on account of market conditions.

3 - Explanation of major transactions and events during the quarter

- **Takeover of the Stance group**

On 2 October 2012, Solucom acquired a majority stake (71%) in the Stance group.

Founded in 2005, Stance employs some thirty consultants and achieved in 2011 consolidated turnover in excess of EUR 6 million. A consulting firm specialising in organisation and management, Stance assists companies in their transformation projects, from the upstream thought process to program steering and change management. Its wholly-owned subsidiary Hekla is dedicated to project ownership assistance.

The transaction is funded primarily with cash, and to a lesser extent with Solucom shares. The company will be consolidated as of 1 April 2012 in Solucom's financial statements, which means half the financial year. .

The balance of the share capital of Stance is intended to be acquired before 1 July 2013.

- **New financing**

  - **Confirmed opening of a credit line for EUR 16 million without covenant**

On 5 October 2012, Solucom took out a loan for a total of EUR 16 million maximum with a consortium of four banks (Crédit Lyonnais, Société Générale, Bred Banque Populaire, BNP Paribas).

The interest rate is equal to Euribor for the duration of the drawing plus a margin of 1.2%. This borrowing is intended to refinance the acquisition in cash of Alturia Consulting and the Eveho Group, and its existing debt.

Thus Solucom prepaid the balances of its Société Générale loan for EUR 600k on 9 October 2012, and its BNP Paribas loan for EUR 455k on 11 October 2012.

  - **Bond issue of EUR 3 million under Micado France 2018**

On 26 October 2012 Solucom issued a debenture for EUR 3 million, underwritten by the Micado France 2018 Fund, managed by Portzamparc Gestion. The bonds will bear a fixed interest of 5.5% and will be repayable as a bullet on 2 October 2018. The proceeds of this issuance are intended to help finance the "Solucom 2015" strategic plan.