steria

Press Release

March 16th 2009

2008 Operating margin[1] 2008 increases by 30.8% Operating margin rate[1] rises to 7.7% Steep fall in net financial debt: -23,3%

- **Full year 2008 revenue increased by 24.7% to EUR 1 765.7m. Like for like revenue increased by 0.9%**
- **The 2008 operating margin rate[1] was 7.7%, +0.4 of a point compared to the 2007 published figure and +0.9 of a point compared to the 2007 pro forma margin rate which included Xansa for 12 months.**
- **Net attributable profit increased to EUR 51.6m**
- **Very good operational cash flow generation with free operating cash flow[2] rising to EUR 99.8m vs. EUR 85.8m in 2007.**
- **Steep fall in net financial debt to EUR 235.3m, a reduction of 23.3% on the situation at end 2007.**
- **Successful integration of Xansa: cost synergies in 2008 were 28% higher than the initial target of EUR 23.5m[3] and staff numbers in India rose by 11% to 5,671 at end December 2008.**

On March 12th 2009, the supervisory board of Group Steria SCA examined the consolidated accounts submitted by General Management.

First half consolidated results 2008

		2007[4]	**2008[5]**	**Variation vs. published**	**Variation**
Revenue	**€ m**	1416.2	**1765.7**	**+24.7%**	At constant rate and perimeter **+0.9%**
Operating margin[1] ***as % of revenue***	**€m** **%**	103.6 *7.3%*	**135.5** ***7.7%***	**+30.8%** **+0.4 point**	vs. pro forma 2007 **+0.9 point**
Operating profit[6]	**€ m**	95.7	**110.0**	**+14.9%**	
Attributable net profit	**€ m**	50.0	**51.6**	**+3.2%**	
Underlying Attributable Net Profit[7]	**€ m**	61.1	**70.1**	**+14.7%**	

[1] Before amortisation of intangible assets arising from business combinations The operating margin is the Group's key indicator. It is defined as the difference between revenue and operating expenses, the latter amounting to the total cost of services provided (expenses needed to carry out projects), marketing costs and general and administrative costs.
[2] Operating cash flow less changes in Working Capital Requirements, Capex net of disposals and restructuring.
[3] Exchange rate as of July 26 2007 (EUR/GBP 0.67) corresponding to the date the acquisition of Xansa was announced. Non audited figure.
[4] Includes Xansa for 2.5 months in 2007.
[5] Xansa has been fully consolidated since October 17 2007, i.e. over 12 months in 2008.
[6] Operating profit includes restructuring costs, capital gains from disposals, expenses linked to share schemes granted to employees and other non-recurring items.

2008 Key events

The operating margin[1] rose by 30.8% to EUR 135.5m. For the sixth year running, Steria improved its operating profitability during 2008: the operating margin[1] was 7.7%, a rise of 0.4 points compared to the previous financial year and + 0.9 point compared to the pro forma margin rate in 2007 which included Xansa over 12 months.

This improvement highlights the successful integration of Xansa.

- Cost synergy targets for 2008 were exceeded and amounted to EUR 30m[8] compared to the initial target fixed in July 2007 of EUR 23.5m[8]. In addition, cash out linked to restructuring charges as of end 2008 were EUR 10m[8] lower than the initial estimate of EUR 32.6m[8].
- All of the Xansa contracts which have expired since the acquisition in October 2007 have been renewed and commercial synergies are starting to take effect.
- Development of the industrial production model has accelerated with an 11% increase in staffing levels in India: 5,671 people as of end December 2008 or 29.5% of total Group employees.

The operating margin rate in the UK increased significantly to 11.4%, +1.9 points. In Germany, the operating margin rate improved to 9.3% +1 point. In the Other Europe zone, the operating margin rate rose by 0.8 point to 5.1%.

In France, the operating margin was 6.5%, less than in 2007. The new organisation announced at the end of 2008 that refocuses on the strategic sectors and is in line with the Group's industrialised service offer has been fully up and running since January 1st 2009 and should improve the entity's efficiency in 2009.

The Group achieved very good cash flow generation over the financial year. Free operating cash flow[2] rose in 2008 to EUR 99.8m vs. 85.8m in 2007 thanks to an efficient management of capex and working capital requirements and despite of EUR 19.9m in restructuring charges.

Net financial debt was significantly lower at EUR 235.3m at December 31 2008 compared to EUR 306.9m at December 31 2007 and EUR 340m at June 30 2008.

At the end of December 2008, the Group's financial situation is healthy and robust.

- Limited financial debt (0.4 x shareholders' equity and 1.5x Ebitda).
- After-tax pension commitments recognised in the balance sheet were down to EUR 31.2m compared to EUR 54m at end December 2007.
- Banking covenants were comfortably respected: *Ebitda*[9] leverage was 1.54 (compared to a ceiling set at 2.25) and interest coverage[10] was 6.74 (compared to a floor set at 3.75).
- Annual repayments falling due over the next three years will on average be lower than EUR 60m.
- Cash position is EUR 141.1m and there were additional facilities (confirmed and not yet used) of EUR 236m at end December 2008.

[7] Attributable net profit restated for operating income and expenses, amortisation of intangible assets and interest costs from business combinations and exceptional items that impacted Xansa's results during the period when it was equity consolidated in the Group's accounts in 2007.
[8] Exchange rate as of July 26 2007 (EUR/GBP 0.67) the date when the acquisition of Xansa was announced. Non audited figures.
[9] Net financial debt + after-tax pension fund deficit on *Ebitda* (Earnings before interest, tax, amortisation and depreciation)
[10] Net cost of financial debt on operating margin[2]

NB: 2008 net profits take into account a non-recurring tax charge of EUR 5.8m which corresponds to the de-activation of deferred tax assets in Spain which should be viewed in the context of developments in the Spanish economy.

In the current economic climate where the Group's priority is to reduce debt, the General Management, the Supervisory Board and Soderi's Board of directors are proposing a dividend[11] for 2008 of EUR 0.12 euro per share (EUR 0.42 was paid out in 2007).

Outlook

The business environment in the first weeks of 2009 is difficult and offers only a limited visibility.

The large proportion of revenue deriving from recurring services (roughly 60% of total revenue) combined with the company's positioning on clients in the public, energy and transport sectors (50% of total revenue) means the Group has a strong resilience.

The Group also benefits from two major advantages in helping clients with their strategic transformation needs and cost savings: a leading position in Europe on the promising *Business Process Outsourcing* market and an advanced industrial organisation that harnesses an integrated production model which fully integrates onshore and offshore resources. At end 2008, offshore staff represented 30% of total Group employees.

The Group has also taken steps to manage costs by optimising structures, purchasing, internal IT etc. This, together with the further synergies expected from the integration of Xansa, should support the Group's performance over the short to medium term.

Based on these factors the Group should prove resilience to the economic downturn and is confident in its ability to comply with its banking covenants.

Information meeting on the 2008 annual results on March 17th 2009 at 11:30am.
This meeting will be relayed by webcast on steria.com

Next publication: first-quarter 2009 revenue:
Wednesday May 14 2009 after the market close.

Enclosures:
- Consolidated income statement for the 2008 financial year
- Consolidated balance sheet for the 2008 financial year
- Simplified cash flow statement for the 2008 financial year
- Interview with François Enaud, Chairman of Groupe Steria SCA, on www.steria.com and www.steria.fr

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SBF 120 general index, SBF 250, SBF 80, IT CAC, NEXT 150
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[11] Subject to shareholder approval at the AGM on Friday May 29. The dividend will be detached on Tuesday June 9. The dividend will be paid out from Tuesday July 7. Between June 9 and June 25, shareholders will be able to choose for payment in cash or payment in shares.

Consolidated Income statement as of December 31 2008

EUR 000	31/12/2008	31/12/2007
Revenue	1 765 678	1 416 164
Purchases consumed and sub-contracting	(308 276)	(259 427)
Personnel charges	(978 768)	(788 831)
External expenses	(274 454)	(210 324)
Tax and duties	(37 383)	(27 763)
Inventory change	335	964
Other operating income/expenditure	8 752	6 919
Net depreciation and amortisation	(43 117)	(31 259)
Net allocations to provisions	(1 736)	(3 303)
Depreciation of current assets	(627)	(689)
Operating margin (%)	**130 404**	**102 451**
Operating profitability	*7.4 %*	*7.2 %*
Other operating income and expenses	(20 398)	(6 745)
Operating profit	**110 006**	**95 706**
Net cost of financial debt	(20 092)	(13 217)
Other financial income and expenses	(4 365)	(3 061)
Financial result	**(24 457)**	**(16 278)**
Tax	(33 140)	(28 025)
Group share of profits from equity consolidated companies	(2 057)	(280)
Results from continuing activities	**50 352**	**51 123**
Results from discontinued activities or those being divested.	771	(877)
Total net profit	**51 123**	**50 246**
Attributable net profit	**51 601**	**50 018**
Minority interests	**(478)**	**228**
Fully diluted underlying earnings per share[7] (in EUR)	**2,23**	**2,80**

(*) After amortisation of client relationships recognised from the acquisition of Xansa representing EUR 5.090m at December 31 2008 and EUR 1.188m at December 31 2007

Consolidated balance sheet as at 31.12.08

	31/12/2008	31/12/2007 Restated[12]
Goodwill	672 015	834 857
Intangible fixed assets	62 050	81 626
Tangible fixed assets	85 453	103 559
Investments in associates	5 222	8 941
Assets available for sale	2 203	2 367
Other financial assets	12 466	11 790
Pension commitments - Asset	3 440	0
Deferred tax assets	15 310	26 467
Other non-current assets	2 189	1 308
Non-current assets	**860 348**	**1 070 915**
Stocks	6 201	15 489
Trade debtors and similar	281 284	334 582
Client receivables	190 434	166 584
Other current assets	26 186	28 724
Non-current assets less than one year	2 838	2 291
Current tax assets	15 837	9 313
Advance payments	27 885	28 754
Cash and cash equivalents	141 138	147 173
Current assets	**691 803**	**732 910**
Non-current assets held for sale		1 250
Total assets	**1 552 151**	**1 805 075**

Group shareholders' equity	**544 960**	**675 479**
Minority interests	555	2 021
Total shareholders' equity	**545 515**	**677 500**
Loans and financial debt (> 1 year)	325 837	387 830
Pension commitments - Liability	39 898	68 509
Provisions for liabilities and charges (> 1 year)	13 688	19 077
Deferred tax liabilities	14 293	11 957
Other non-current liabilities	18 146	968
Non-current liabilities	**411 862**	**488 341**
Loans and financial debt (< 1 year)	50 583	66 239
Provisions for liabilities and charges (< 1 year)	19 216	19 692
Trade receivables and related accounts payable	134 493	172 278
Amounts owed to clients and advances received	113 702	113 485
Current tax liabilities	31 366	20 242
Other current liabilities	245 414	246 106
Current liabilities	**594 774**	**638 042**
Non-current liabilities held for sale		1 192
Total liabilities	**1 552 151**	**1 805 075**

[12] Adjustment of asset and liability values under IFRS 3 business combinations due mainly to accounting for contract costs of EUR 3.69m that were not identified at the time of the acquisition.

Simplified cash flow statement at December 31 2008

	31/12/08	31/12/07
Cash flow	**145.2**	**119.0**
Tax	-10.9	-40.8
Change in Working Capital Requirement	14.4	49.1
Operating cash flow	**148.7**	**127.3**
Net capex	-29.8	-29.3
Restructuring	-19.1	-12.2
Operating free cash flow	**99.8**	**85.8**
Dividends	-13.2	-7.6
Net financial investment	-1.3	-693.1
Capital increase	3.5	376.2
Change in perimeter	1.4	-60.7
Pension commitments	-28.5	-14.6
Others (incl. pension commitments)	10.0	6.3
Free cash flow	**71.6**	**-307.7**