steria

Press Release

August 29 2008

Interim Results 2008[1]
Operating margin[2] +52.6% to EUR 62.2m
Operating margin ratio[2] sharply higher at 7.1%

- **H1 2008 Revenue: EUR 878.7m, a growth of 35.6%**
- **H1 2008 Operating Margin[2]: EUR 62.2m +52.6% compared to H1 2007.**
- **Operating margin ratio[2] up by 0.8 points to 7.1% (vs. 6.3% in H1 2007).**
- **Good management of operating cash flow with an improvement in the operating cash flow by EUR 14m compared to H1 2007.**
- **Net financial debt at end June 2008 was EUR 339.9m which easily allowed the group to respect its banking covenants.**
- **A successful integration of Xansa with first half 2008 synergies in excess of the initial business plan and a promising deployment of offshore and nearshore activities in continental Europe with more than 115,000 man/days production signed.**

On August 28 2008 the supervisory board of Steria Group SCA examined the consolidated accounts submitted by Management.

First half consolidated results 2008

		H1 2007 reported[3]	H1 2008	Change
Revenue	**€ m**	647.9	**878.7**	**+35.6%**
Operating margin[2] ***as % of revenue***	**€ m %**	*40.7* *6.3%*	***62.2*** ***7.1%***	***+52.6%*** ***+0.8 pt***
Operating profit[4]	**€ m**	39.0	**53.3**	**+36.6%**
Attributable Net Profit	**€ m**	23.7	**27.0**	**+13.8%**
Underlying Attributable Net Profit[5]	**€ m**	25.3	**33.0**	**+30.3%**
Diluted underlying earnings per share	€	1.20[6]	**1.05**	**-12.3%**
Average weighted diluted number of shares	**Mn.**	21.07[6]	**31.31**	**+48.6%**
Net financial debt	**€ m**	43.9	**339.9**	**-**

[1] The consolidated accounts for the first half of 2008 include Xansa.

[2] Before amortisation of intangible assets arising from business combinations (EUR 2.6m as of June 30 2008). The operating margin is the Group's key indicator. This is defined as the difference between revenues 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.

[3] With the exception of historic data per share which have been restated. See note 6.

[4] Operating profit includes restructuring costs, capital gains from disposals, expenses linked to share savings schemes granted to employees and other non-recurring items.

[5] Attributable net profit restated for other operating income and expenses, and amortisation of intangible assets from business combinations and divested businesses.

[6] Historic earnings per share data were restated in accordance with IAS 33 after the capital increase with preferential subscription rights that took place in December 2007.

Financial situation and results as of June 30 2008

During the first half of 2008, the Steria Group substantially improved its operating profitability. The operating margin[2] came to EUR 62.2m, an increase of 52.6% compared to the first half of 2007. The operating margin rate[2] was 7.1%, a sharp rise of 0.8 points compared to June 30 2007.

This improvement is principally due to the successful integration of Xansa. As of June 30 2008, the Group was ahead of schedule in targeted cost synergies (a cumulative EUR 11m[7] compared to an initial objective of EUR 6.5m[7]) and the operating margin[2] in the United Kingdom, before taking synergies into account, improved by 0.5 points compared to the 2007 pro forma.

In the first half of 2008 **all geographic zones**, apart from France, saw their operating profitability increase significantly before group costs

In the United Kingdom, the operating margin rate[2] was 1.7 points higher at 9.7% due to cost synergies (EUR 11m[7]) and the improved profitability, before taking synergies into account, of the new perimeter (+0.5 points). This performance illustrates the successful integration of Xansa as shown in the following items:

- All of the Xansa's contracts which expired after the acquisition on October 17 2007 have been renewed.
- The new organisation is commercially efficient with an improved order entry ratio to revenue once again above 1, and a robust pipeline representing 2.6 times the annualised revenue as of June 30.
- Good staff retention especially among key people.
- As of June 30 2008 cost synergies were ahead of the initial schedule; allowing us to confirm at least EUR 24m[7] in savings from the integration for financial year 2008.
- A promising deployment of offshore and nearshore activities in continental Europe with more than 115,000 man/days production signed in the first half and an offshore pipeline with 75 opportunities representing more than 113,000 man/days production.

Germany confirmed its growth model with an operating margin[2] that rose by 1.1 points to 8.5% combined with strong growth: organic growth was 13.4% in the first half of 2008 and the ratio of order entry to revenue reached 1.14 as of June 30 2008.

In the Other Europe zone, the operating margin[2] increased by 1.3 points to 4.5%. This trend must be seen in the context of a significantly improved performance in Scandinavia where organic growth amounted to 11.1% in the first half of 2008 and the operating margin rose by 3.2 points to 7.1%.

In France, the transformation which commenced in 2007, to move into higher value-added businesses and towards a more industrial production model, continued to have a negative impact in the first half of 2008 and revenues were slightly lower. In addition, a one-off increase in investments arising from the transformation impacted the operating margin which came to 7.3% in the first half of 2008. The dynamic of the transformation and its first

---

[7] Exchange rate as of July 26 2007 (EUR/GBP 0.67) corresponding to the announcement of the acquisition of Xansa.

beneficial effects should lead to a return to robust revenue growth in the second half of 2008, along with a significant improvement in the operating margin compared to the first half of the year.

As of June 30 2008, **the group's financial situation** is solid and healthy.

- Operating free cash flow improved to EUR -28.7m compared to EUR -42.7m in the first half of 2007.
- Shareholders' equity was EUR 626.8m with net financial debt of EUR 339.9m.
- Banking covenants were well within defined limits: Net debt/Ebitda[8] = 2.25 with a ceiling of 2.75; Ebit[9]/net cost of financial debt = 5.23 with a minimum limit of 3.75.
- Additional drawdown facility (not used) of EUR 274m as of end June 2008.

Outlook

For financial year 2008, the Group is expecting operating margin to be close to the target of 8%.

Next meeting: Information meeting on the 2008 interim results on September 1st 2008 at 11.30am in Steria's offices. This meeting will be relayed by webcast on steria.com

Next publication: third-quarter 2008 revenue: Friday, November 14 2008 before the market opens.

Enclosures:

- Consolidated income statement for the first half of 2008
- Consolidated balance sheet for the first half of 2008
- Simplified cash flow statement for the first half of 2008.
- Interview with François Enaud, Chariman of Groupe Steria SCA, on www.steria.com and www.steria.fr

Steria is listed on Euronext Paris, Eurolist (Compartment B)
ISIN: FR0000072910, Bloomberg Code: RIA FP, Reuters Code: TERI.PA

CAC MID&SMALL 190, CAC MID 100, CAC Soft&CS, CAC Technology
SBF 120 general index, SBF 250, SBF 80, IT CAC, NEXT 150
For further information, please visit our website: http://www.steria.com

Press Relations:
Isabelle GRANGE
Tel: +33 1 34 88 64 44 / + 33 6 15 15 27 92
Isabelle.grange@steria.com

Investor Relations:
Olivier PSAUME
Tel: +33 1 34 88 55 60 / + 33 6 17 64 29 39
olivier.psaume@steria.com

[8] Earning before interest, tax, depreciation and amortisation
[9] Earning before interest and tax

Consolidated income statement as of June 30 2008

EUR 000	30/06/2008	30/06/2007 Restated[10]	30/06/2007 Reported
Revenue	878 692	644 581	647 882
Purchases consumed and sub-contracting	(141 281)	(122 147)	(122 415)
Personnel charges	(498 178)	(364 370)	(367 613)
External expenses	(145 334)	(93 847)	(93 483)
Tax and duties	(19 108)	(12 101)	(12 309)
Inventory change	(86)	1 418	1 419
Other operating income/expenditure	5 671	2 214	2 140
Net depreciation and amortisation	(21 618)	(12 570)	(12 593)
Net allocations to provisions	797	(1 785)	(1 817)
Depreciation of current assets	(6)	(463)	(463)
Operating margin (a)	**59 549**	**40 930**	**40 748**
Operating profitability	*6.8%*	*6.4%*	*6.3%*
Other operating income and expenses	(6 296)	(1 759)	(1 760)
Operating profit	**53 253**	**39 171**	**38 988**
Net cost of financial debt	(11 859)	(1 530)	(1 503)
Other financial income and expenses	(1 244)	(38)	(39)
Financial result	**(13 103)**	**(1 568)**	**(1 542)**
Tax	(12 673)	(13 531)	(13 631)
Group share of profits from equity consolidated companies	(1 228)	198	15
Net results from continuing activities	**26 249**	**24 270**	**23 830**
Results from discontinued activities or those being divested	721	(440)	-
Total net profit	**26 970**	**23 830**	**23 830**
Attributable net profit	**27 030**	**23 742**	**23 742**
Minority interests	**(60)**	**88**	**88**

(a): of which EUR 2,615,000 in amortisation of intangible assets (client base) in H1 2008.

[10] Restated for Diamis (proportionately consolidated as of June 30 2007 and by the equity method since December 31 2007) and Sysinter (considered as being in the process of being sold as of December 31 2007)

Consolidated balance sheet as of June 30 2008

	30/06/2008	30/06/2007 Restated[11]
Goodwill	783 558	241 248
Intangible fixed assets	72 472	13 102
Tangible fixed assets	95 101	67 159
Investments in associates	8 386	1 822
Assets available for sale	1 971	2 359
Other financial assets	11 868	1 243
Deferred tax assets	22 783	33 960
Other non current assets	2 326	-
Non-current assets	**998 465**	**360 893**
Stocks	3 384	16 860
Trade debtors and similar	307 830	247 345
Client receivables	221 143	187 564
Other current assets	32 162	14 083
Non-current assets less than one year	2 010	1 601
Current tax assets	20 540	8 874
Advance payments	37 123	25 703
Cash and cash equivalents	97 798	34 224
Current assets	**721 990**	**536 254**
Non-current assets held for sale	-	-
Total assets	**1 720 455**	**897 147**

Group shareholders' equity	**625 890**	**345 155**
Minority interests	877	1 230
Total shareholders' equity	**626 767**	**346 385**
Loans and financial debt (> 1 year)	382 300	67 392
Pension commitments	57 982	69 888
Provisions for liabilities and charges (> 1 year)	17 646	6 380
Deferred tax liabilities	10 138	1 669
Other non-current liabilities	5 326	19
Non-current liabilities	**473 392**	**145 348**
Loans and financial debt (< 1 year)	55 427	10 774
Provisions for liabilities and charges (< 1 year)	17 704	13 459
Trade receivables and related accounts payable	144 972	116 247
Amounts owed to clients and advances received	110 116	75 080
Current tax liabilities	37 542	9 862
Other current liabilities	254 535	179 992
Current liabilities	**620 296**	**405 414**
Non-current liabilities held for sale	-	-
Total liabilities	**1 720 455**	**897 147**

[11] Restated for Diamis (proportionately consolidated as of June 30 2007 and by the equity method since December 31 2007)

Simplified cash flow statement

	30/06/2008	30/06/2007
Cash flow	**67.1**	**51.6**
Tax	-4.4	-17.6
Change in Working Capital Requirement	-69.1	-61.1
Operating cash flow	**-6.9**	**-27.1**
Net capex	-15.0	-12.2
Restructuring	-6.8	-3.4
Operating free cash flow	**-28.7**	**-42.7**
Dividends	-1.0	-7.9
Net financial investment	3.2	4.5
Capital increase	0.0	5.9
Change in perimeter	-0.4	0.0
Others (incl. pension commitments)	-6.4	-4.6
Free cash flow	**-33.0**	**-44.7**