

Steria 2003 results Targets met: profitability boosted EPS more than double

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2003 results

On 5 April 2004 the Supervisory Board of the STERIA GROUP SCA examined the consolidated accounts submitted by Management for the year ending 31 December 2003.

Revenue

2002 - 1017.8

2003 - 970.3

Change: -4.6%

Operating profit

2002 - 30.1

2003 - 37.8

Change: +26%

Operating margin

2002 - 2.9%

2003 - 3.9%

Net profit before goodwill

2002 - 13.4

2003 - 28.8

Change: +115%

Net profit (group share)

2002 - 8.8

2003 - 21.5

Change: +144%

Earnings per share

2002 - 0.53

2003 - 1.23

Change: +132%

Key points:

• Operating profit was up, despite a decline in revenues due to the particularly difficult trading conditions in Europe, especially France, and ended the year in positive territory in all Steria's markets following the restructuring of Integris. In France, operating profit began a recovery in 2H following a slow first half due to delays in major contracts and projects. The STERIA Group recorded an operating margin of 4.8% in the second half of 2003.

- Net profit (before goodwill) rose sharply thanks to the upturn in operating profit, combined with:
 - oLower financial charges (-2.8m Euros) as a result of lower net debt,
 - oA 2.8m Euro exceptional gain, largely due to the renegotiation of rights covered by the UK pension fund.

- Goodwill amortisation, totalling 6.7m Euros, included:
 - o3m Euros in annual amortisation of goodwill from the integration of Integris. This figure includes an adjustment of UK goodwill resulting from a 15m Euros restatement of pension liabilities.
 - o2.6m Euros in exceptional amortisation resulting from the writeback of surplus restructuring provisions for certain countries.

- The Group strengthened its financial structure over the course of the year, increasing consolidated shareholders' equity by 13.8% to 200m Euros as of 31 December 2003, and turning net debt of 8m Euros as of 31 December 2002 into a 2m Euros net cash position (including factoring) as of end-2003.

Dividend distribution

As part of its policy of regular dividend payouts, the Management is to propose a dividend of 0.22 Euros per share to the Shareholders' General Meeting on 9 June 2004. This is 22% higher than the dividend paid in respect of 2002, and will be paid on 9 July 2004. This proposed dividend reflects the confidence of the Supervisory Board and Management in the Steria Group's capacity to continue growing whilst improving profitability.

2003 highlights

- Fulfilment of targets announced at the time of the Integris acquisition
- Net cash flow back in positive territory (+10m Euros)
- 165% gain in Steria share price over 2003

- Access to European Global Player status
 - oLarger-scale frame agreement now within reach
 - oGreater access to frame agreement at European level
 - oAlliance with other TOP 10 Europe players

- Employee shareholding extended to European personnel
- Launch of the first grant by the Fondation Steria – Institut de France

Outlook

The stabilisation of the European IT services market, which was first seen in 4Q03, is continuing in the first half of 2004, paving the way for a modest return to growth in the second half of the year, in line with GARTNER Group's forecast for 2004 of around 3% growth in the European market.

In this environment, Steria confirms that its main priority in 2004 is to further improve operating profitability over the full year and to increase market share. The restructuring measures carried out in 2002 and 2003, together with the steps currently being taken (data centre optimisation, risk control, cost-cutting etc.) should help Steria to meet these new objectives and so consolidate its business plan (operating margin of 7-8% in 2006).

Steria has also confirmed its intention of consolidating its position amongst the top 10 European services providers by continuing to take part in sector consolidation.
Steria will publish 1Q04 revenue on 13 May 2004.

STERIA is listed on the Euronext First Market
Code ISIN : FR0000072910, Bloomberg Code : RIA FP, Reuters Code : TERI.PA
Euronext 150, SBF 120, IT CAC 50, MIDCAC

For further information, consult the Internet site: <http://www.steria.com>

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