

# 2010 Group financial statements

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**2010 earnings hit by asset impairment charges  
and the Group's ongoing reorganisation.  
Reinforcement in fundamentals in 2011.**

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## 2010 highlights :

- Like-for-like Group revenues up 5.3%
- A net loss of €10,837,000 including a €7,374,000 impairment charge to write down assets to fair value
- A current operating operating loss of €1,549,000 close to last year
- Group financial structure remains strong with net cash of €2,625,000



At its 6 April 2011 meeting in Paris, the Valtech SA board of directors chaired by Sebastian Lombardo reviewed and approved the audited Group financial statements for the year ended 31 December 2010. Key figures were as follows:

€000	2010 (*)	2009	Change
Revenues	77,656	75,517	2.8%
Gross margin	24,634	24,358	1.1%
<b>Current operating loss</b>	<b>-1,549</b>	<b>-1,274</b>	<b>-275</b>
Non-current expenses	-8,725	-2,482	-6,243
Operating loss	-10,274	-3,756	-6,518
Net loss for the year	-10,837	-907	-9,930

(\*) The Group financial statements have been audited. The audit report will be issued shortly.

A key event of 2010 was the arrival of a new primary shareholder and, in the second quarter, a new management team, who established and began to implement a Group strategic recovery and transformation plan.

The plan began to show results in the second half of the year with close to 30% of contracts signed with new clients and renewed sales dynamic for all Group companies with fourth quarter revenues up by 11% (13.9% like for like).

This strategic plan was also reflected in the Group beginning to refocus on its digital market positioning including the sale of its Axelboss consulting business, completed on 4 November 2010, and the purchase of assets and activities of the US-based Adea business completed on 17 December 2010.

Valtech Group revenues amounted to €77,656,000, up 2.8% versus 2009 (5.3% like for like) In order to bolster the Group's strategic plan and future, major financial and human investments were made amounting to €1,250,000. 2010 closed with an operating loss of €1,549,000, close to the 2009 operating loss.



2010 non recurring and non operating expenses totalled €8,275,000 (versus €2,482,000 in 2009) and break down as follows:

- €2,951,000 of restructuring expenses largely relating to property and social costs
- €7,374,000 of goodwill impairment charges against the value of the Group's German and Indian subsidiaries
- Non recurring expenses were partially offset by gains on the sale of the Axelboss business in November 2010.

After accounting for these non recurring expenses, the 2010 net loss came in at €10,837,000.

The Group financial structure remains strong with net cash of €2,625,000

## GEOGRAPHICAL BREAKDOWN OF 2010 REVENUES

€000	2010	2009
France	33,403	33,492
Rest of Europe	33,437	33,450
USA and Asia	10,816	8,575
<b>Valtech Group</b>	<b>77,656</b>	<b>75,517</b>

All Valtech companies were hit to a greater or lesser extent by the sharp economic downturn that the industry suffered in 2009. The key focus in 2010 was the stabilisation of operations.

### France (43% of revenues)

2010 revenues of the French business were similar to 2009 published revenues or up 11% on a like for like basis adjusting for the sale of the Axelboss consulting business.

### Rest of Europe (43% of revenues)

Sweden continued to grow posting strong overall results. The UK business bottomed out. In 2010 Germany continued to suffer from its heavy focus on the car industry while Denmark also continued to be hit by the deep recession in the country.



## **USA and Asia (14% of revenues)**

The US business reverted to growth (up by 13%), while India was held back in the year largely due to a tensed local recruiting market.

## **CHANGE IN HEADCOUNT**

The Group had 1,314 employees as of 31 December 2010, which represents a 470 increase compared to 2009, largely due to the Adea acquisition that boosted Valtech's presence in India and USA.

## **2011 OUTLOOK**

In 2011, the Group will step up the recovery plan and implementation of the transformation plan. Management will focus on adapting support and organisation structures in line with the new corporate plan and on introducing operating processes designed to enable the Group to function on a global basis.

The Group will also step up its market repositioning on the digital marketing business while pursuing human and financial investments in this business.

## **CALL FOR THE SHAREHOLDERS' ANNUAL GENERAL MEETING**

The shareholders' annual general meeting will be held in Paris on 23 May 2011 at 10am.

### ***Investor Contact***

Mr Sebastian Lombardo  
Chairman and chief executive  
[investors@valtech.com](mailto:investors@valtech.com)  
+33 (0)1 76 21 15 00  
[www.valtech.fr](http://www.valtech.fr)

