

Interim Results **2014**



Monday, September 1, 2014

Khaled Draz - CEO

Frédéric Duminil - CFO



AGENDA



- ➔ **H1 2014 Highlights**
- ➔ **2014 Interim Results**
- ➔ **H2 2014 Trends & Challenges**

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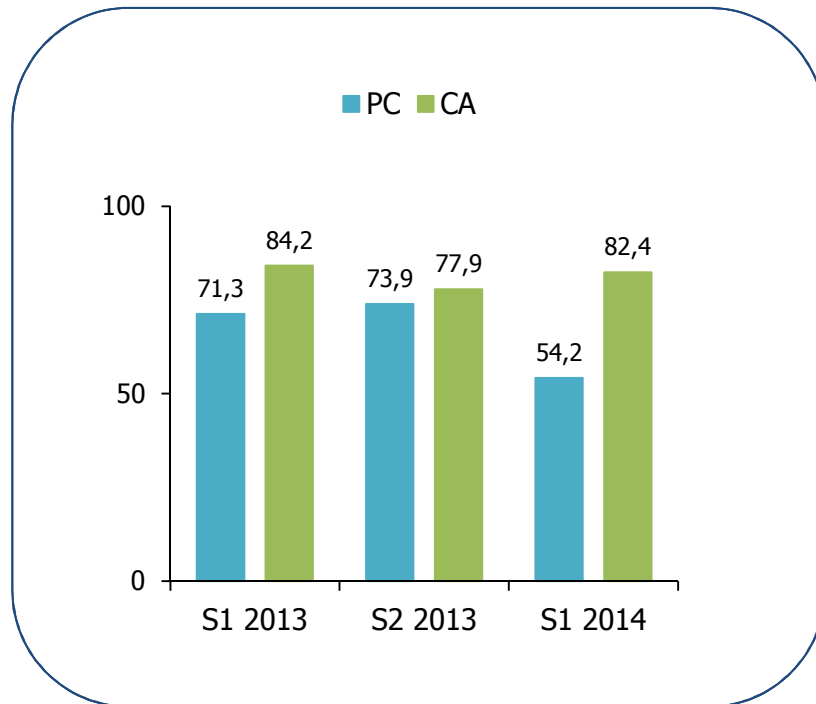


H1 2014 – Business trends (1/3)



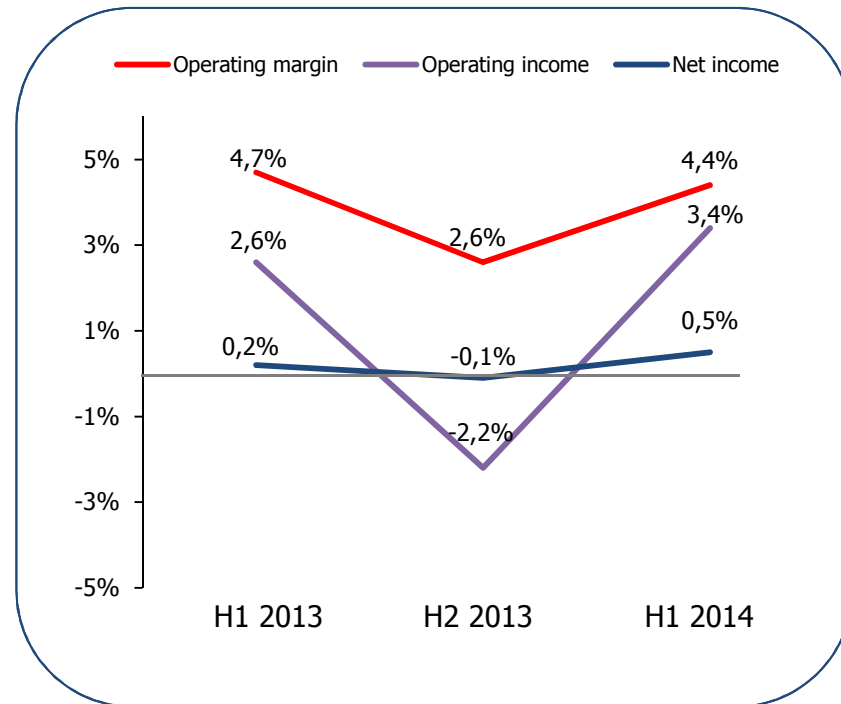
1st half of the year in line with our projections

Order Intake & Sales Trends



Sales: drop in growth held at 2.1%
Order Intake: recovery expected in H2

Operating Income & Net Income Trends



Rebound in operating margin & operating income

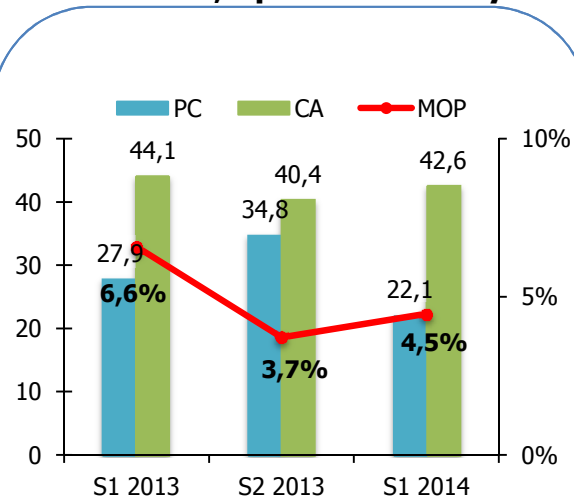
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➔ H1 2014 – Business trends (2/3)



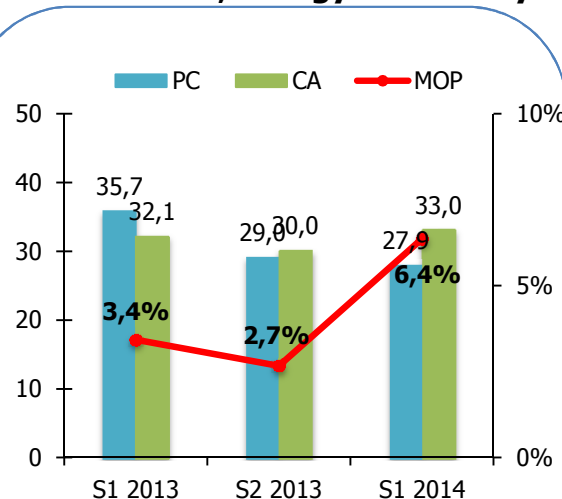
Improved profitability in 2 business units

Defense, Space & Security



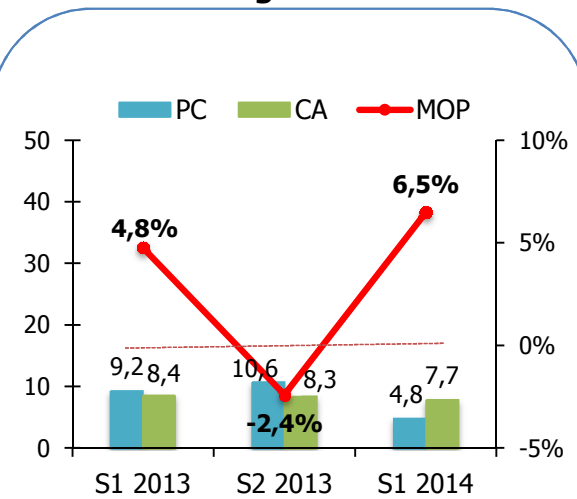
- ➔ Solid order book in Defense (22 months)
- ➔ Space sector business on a positive track
- ➔ Investment in the field of cybersecurity

Aeronautics, Energy & Industry



- ➔ Growth in the aeronautics sector driven by the North American market
- ➔ Expansion of the client portfolio (PLM, simulation, embedded software)

Diginext



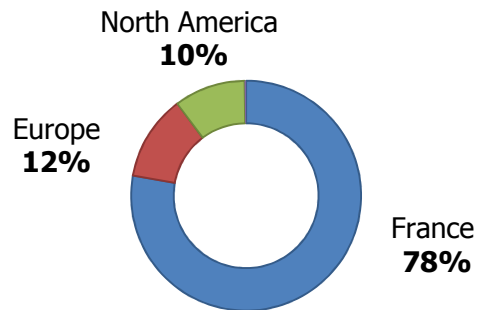
- ➔ OI & Sales down after strong performance in 2013...
- ➔ ... new growth prospects with the development of innovative products: drive systems & maritime surveillance radar

Interim Results 2014

➔ H1 2014– Business trends (3/3)

Growth in international business

Sales breakdown by country



➔ **18.8% rise** in international sales (vs. H1 2013)

- > North America
- > Germany & Italy

➔ Slower contraction in France

International staffing trends: **+23%** (vs. H1 2013)

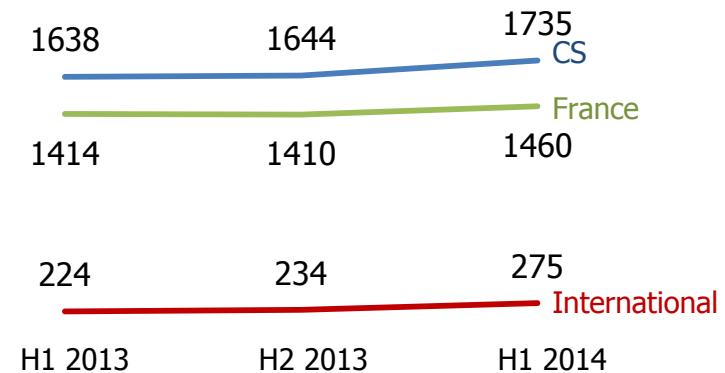
1,763 employees at 6/30/14

- 1,491 in France
- 272 outside France

144 employees recruited in H1 2014

9.6% turnover in H1 2014 (annual basis)

Average workforce (FTE) trends by period

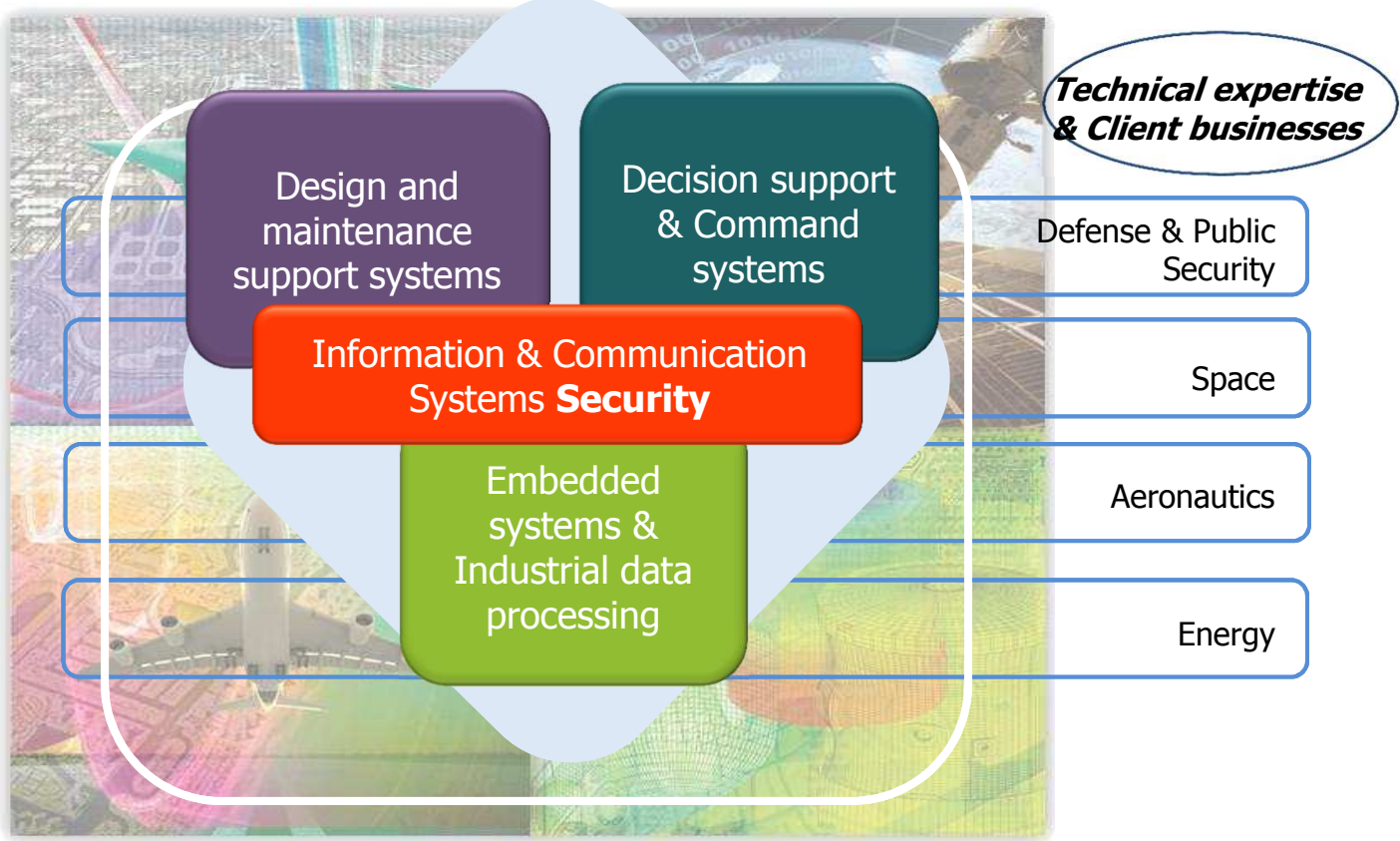


➔ H1 2014 - Business development (1/3)



➔ A development strategy based on our strengths to seize new growth opportunities

4 areas of expertise & 4 strategic sectors



➔ H1 2014 - Business development (2/3)

➔ Expand our positions in France and abroad in our **4 strategic sectors**

Defense & Security



- ➔ **Defense Ministry**
Continued deployment of major programs: Air defense & SIA (joint Army IS)
- ➔ **DGAC**
Flight security: backup of Paris CdG Airport's communication system
- ➔ **Interior Ministry**
Deployment of the Evry Information and Command Center

Space



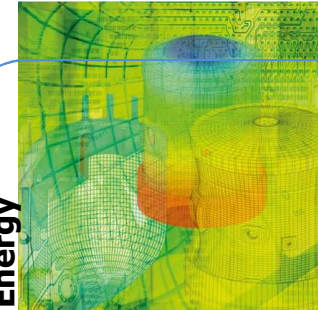
- ➔ **CNES**
Consolidation of our positions: renewal of the ATV support & third-party maintenance contracts
CSO mission center
- ➔ **ESA**
Growth in Germany, Italy and Romania: Sentinel 2 as part of the Copernicus program

Aeronautics



- ➔ **Airbus Group** Renewal of the E2S certification (engineering & embedded software) in partnership with Sopra
- ➔ **Pratt & Whitney**
Strong growth in the US
Production in 4 countries

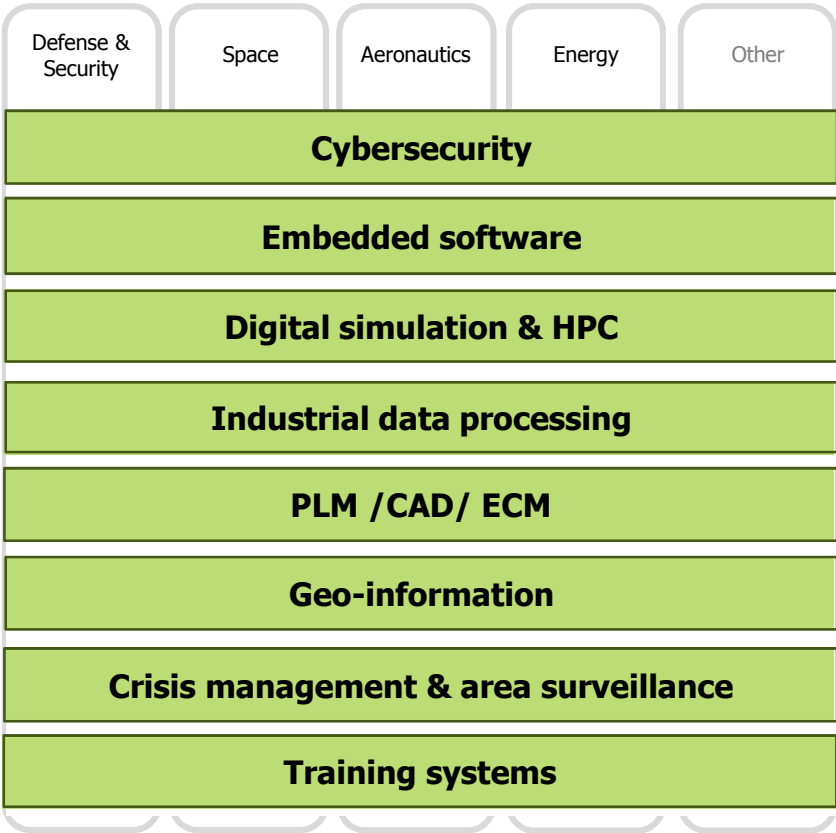
Energy



- ➔ **CEA & IRSN**
Renewal of the third-party maintenance contracts
- ➔ **EDF**
IS department certification
- ➔ **TOTAL**
Extension of the seismic surveying services

➔ H1 2014 - Business development (3/3)

➔ Multi-sector development thanks to our **8 technology solutions & our innovative products**



H1 2014 Highlights

- ➔ Opening of new accounts:
 - Simulation, PLM & Embedded software: Valéo, Latécoère, Adénéo, Rockwell, SNCF
- ➔ Expansion into new solutions for our major clients
 - Cybersecurity: Airbus
 - Embedded software: DCNS, CNES
 - Geo-information: Defense Ministry
- ➔ Industrialization of solutions & product launch
 - Cybersecurity: SIEM Prélude
 - Geo-information: Géostorm platform
 - Industrial data processing
 - Training system: Inscape

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➔ H1 2014 – Partnership with Sopra Group



➔ Signing of an industrial and commercial agreement on June 11, 2014, along with a capital agreement between Sopra and Duna, controlling shareholder of CS

➔ Objective:

- develop our industrial and commercial cooperation
 - continued efforts in the Aeronautics and Defense sectors
 - expansion into new areas of collaboration for the Security, Space and Energy businesses
- improve and boost our performance
 - exchanges of best practices
 - cost synergies

➔ Sopra's subscription to the bond issue completed at the end of July 2014

➔ Success of the convertible bond issue



- ➔ Gross amount of the issue was €12,006,720 with 33,352 bonds issued
 - at an annual nominal rate of 4%
 - for a 5-year term
 - possible conversion from 7/31/15
 - conversion price of €3.60 per share

- ➔ Subscription rate of 134%


- ➔ 66.9% of the convertible bonds issued to Sopra
 - If exercise of conversion rights: 10.8% of CS's capital

- ➔ Settlement-delivery of the bonds issued and listing on NYSE Euronext on July 25, 2014

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➔ H1 2014 - Income statement

Rebound in operating income



€m	H1 2013	H2 2013	H1 2014
Orders	71.3	73.9	54.2
Sales	84.2	77.8	82.4
Operating income	4.0	2.0	3.6
<i>Operating margin</i>	<i>4.7%</i>	<i>2.6%</i>	4.4%
Other operating expenses and income	-1.8	-3.7	-0.8
Net operating income (loss)	2.2	-1.7	2.8
Interest income/expense	-0.8	2.6	-1.3
Pre-tax income	1.4	0.9	1.5
Tax	-1.1	-1.1	-1.1
Group share of net income (loss)	0.2	-0.1	0.4



€m	H1 2014
<i>Hosting</i>	-0.4
<i>Misc. & Litigation</i>	0.2
<i>Restructuring</i>	-0.7
Total	-0.8



€m	H1 2014
<i>Taxes paid & deferred tax credit</i>	-0.3
<i>Contribution on corporate added value (CVAE)</i>	-0.8
Total	-1.1

Interim Results 2014

➔ H1 2014 - Cash Flow

Managed cash flow



€m	H1 2013	H2 2013	H1 2014
Cash flow before cost of financial debt and tax	2.3	3.1	2.7
Change in WCR	(2.5)	1.4	(8.1)
Outflows/inflows on tangible and intangible assets	(1.0)	(1.1)	(2.8)
Outflows/inflows on financial fixed assets	0.6	0.3	1.3
Other (o/w tax paid)	(1.1)	(1.3)	(1.1)
Free Cash Flow	(1.7)	2.4	(8.1)
Inflows/outflows from loans	-	(4.0)	1.0
Changes in cash related to research tax credits	1.8	(10.9)	7.1
Rights issue/change in treasury shares	-	14.7	-
Dividends and interest paid	(1.0)	(0.5)	(1.4)
Net effect of conversions and misc.	(0.1)	0.0	0.1
Net Cash Flow	(1.0)	1.7	(1.3)
Cash position at start of period	3.7	2.7	4.4
Cash position at end of period	2.7	4.4	3.1

➔ o/w repayment of €4 million in tax and social security liabilities

Financing bolstered by the issue of €12 million in convertible bonds at the end of July

➔ H1 2014 - Balance sheet trends

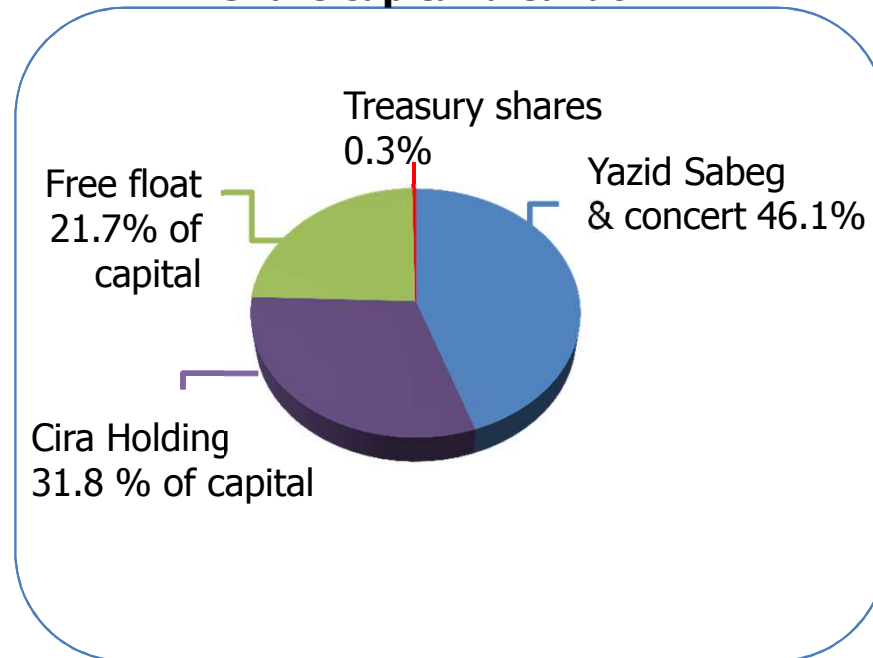
Stable overall debt



Consolidated figures (€m)	6.30.13	12.31.13	6.30.14
Assets	68.9	80.3	81.0
<i>o/w goodwill</i>	35.9	35.9	35.9
<i>o/w tangible and intangible assets</i>	5.5	5.5	7.3
<i>o/w research tax credit (CIR) & competitiveness tax credit (CICE)</i>	24.2	33.5	33.8
Net assets/liabilities of discontinued businesses	(0.1)	-	-
Non-current assets	2.5	2.0	3.9
WCR	(15.3)	(15.2)	(7.0)
Cash (A)	2.7	4.4	3.1
Uses	58.7	69.5	77.1
Shareholders' equity	17.6	30.5	30.0
Provisions for R&C	15.6	20,4	20,1
Loans & other financial liabilities (B)	25.5	18.6	27.0
Sources	58.7	69.5	77.1
Net debt (B-A)	22.8	14.2	23.9
Financial gearing	130%	46%	79%
Deconsolidating factor (C)	6.9	8.7	4.6
CIR & CICE (D)	24.2	33.5	33.8
Moratorium (E)	1.1	4.6	3.4
"Overall" debt (B-A+C-D+E)	6.6	(6.1)	(1.9)
"Overall debt" gearing	37%	-20%	-6%
Economic WCR (WCR + C + E)	(7.3)	(2.0)	1.0

Shareholding structure

Share capital breakdown



Share price trends



17,343,147 shares
ISIN code: FR 0007317813

33,352 Convertible Bonds
ISIN code: FR 0012008753

Liquidity agreement: ODDO

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➔ H2 2014 Trends & Challenges



Review of our 2014-2016 objectives

Organic growth expected in 2014

-

Achieve normalized profitability by 2016

H2 2014 Trends

- > Return to growth
- > Improve operating margin

Continued implementation of the sales strategy

- > Consolidation of our positions in our 4 strategic sectors
- > Expansion of the client portfolio through our multi-sector solutions
- > Sopra partnership: growth driver
- > Targeted international development in our growth areas

Implementation of the *Performance 2016* improvement plan

- > Improvement in productivity & reduction in costs
- > Focusing of R&D
- > Benchmarking & assessment of cost synergies with Sopra