



First-half 2003 results

September 8, 2003



MID CAC

Euroclear code: 7896

FTSE classification: 972 - Software & Computer Services

# Objectives announced for 2003... And results of first half

- 1 Continuing improvement in operating income
  - Priority will continue to be given to raising operating income
    - ✓ CS - a slight improvement
  
- 2 A improvement in gearing
  - Target: 80% at the end of 2003
    - ✓ 99% at the end of June 2003
  
- 3 Growth in sales at least equal to that of the market
  - Strategy from 2002 unchanged
    - ✓ -7% in a market contracted by between 5 and 10%



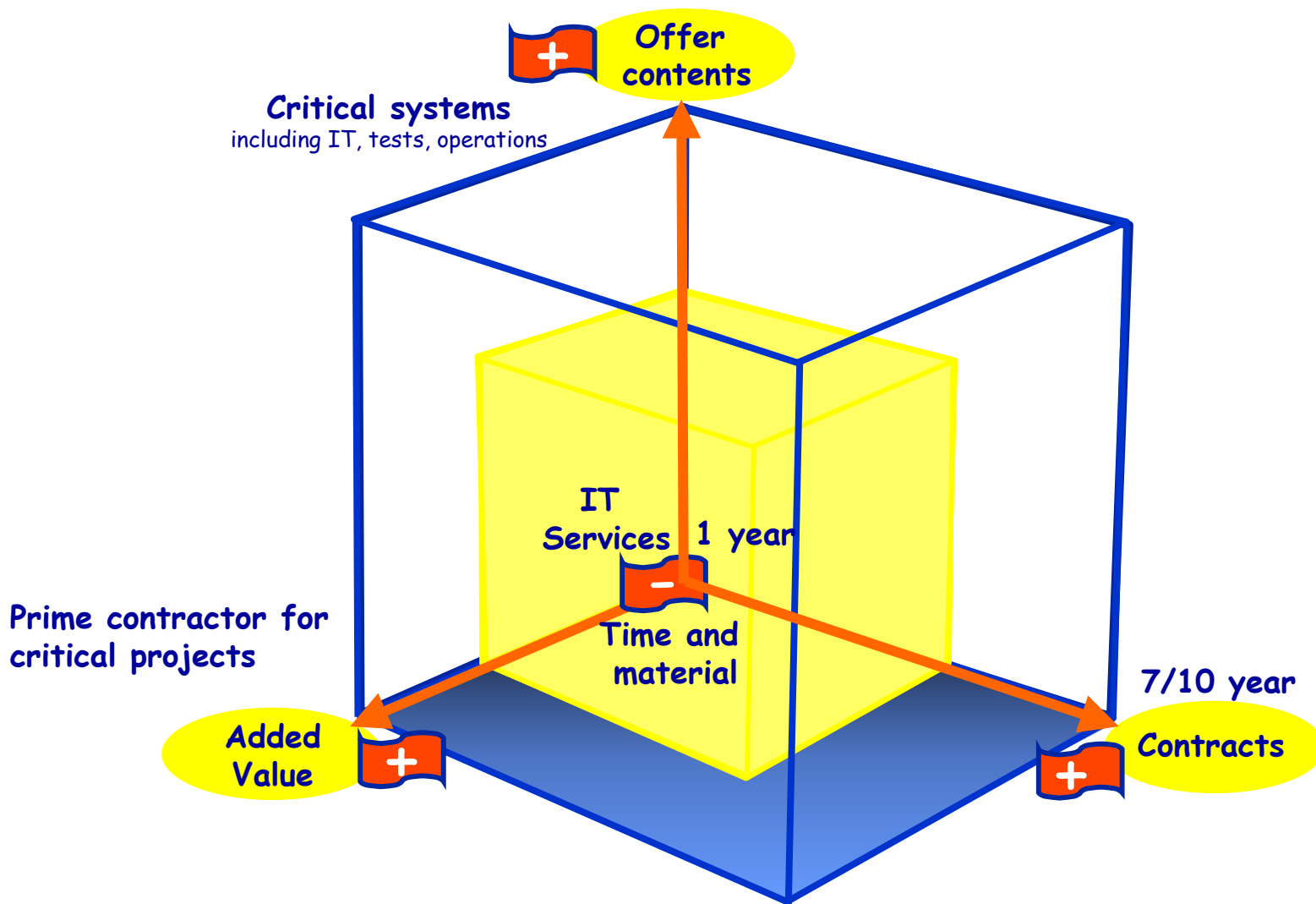
# CS Market positioning

# CS, designer, integrator and operator of critical systems

- A focused approach and leading positions
  - Scientific, technical and industrial applications **CS n°1**
  - Secure communicating infrastructure systems **CS n°3**
- A long-term partner for our customers in designing, building and running
  - 70% of sales are generated by multi-year projects
  - At the centre of our customers ' businesses



# Our development business model



# CS - a long-term strategic partner

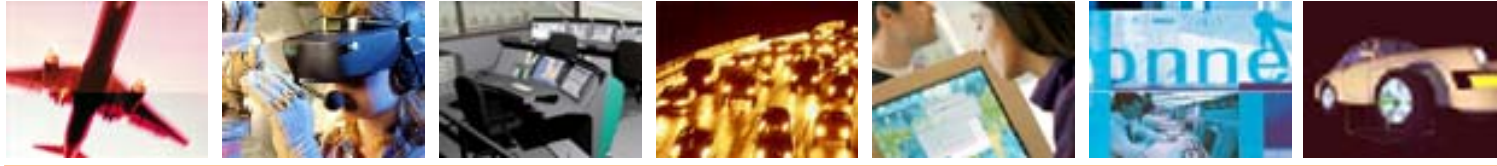
## Prime contractor on major projects

- Mission-critical systems and applications
  - CS, a partner of Turbomeca - embedded software for turbine regulation systems for helicopters
  - CS, a partner of the French Ministry of Defence : orders for € 42 million since the beginning of January, € 32 million of which for CLA 2000
  - EuroAvionics, 3D navigation assistance for preparing helicopter missions
- And for infrastructure services
  - SNCF - Deployment of video-surveillance information system (20 stations)
  - Revamping of Croatian motorway toll network (380 motorways)
  - Conversion and Application Management of "criminal record" information system for the Justice Ministry
  - Société Générale Asset Management : Production outsourcing - 60 critical applications managed

**70%** Of turnover generated by multi-year projects



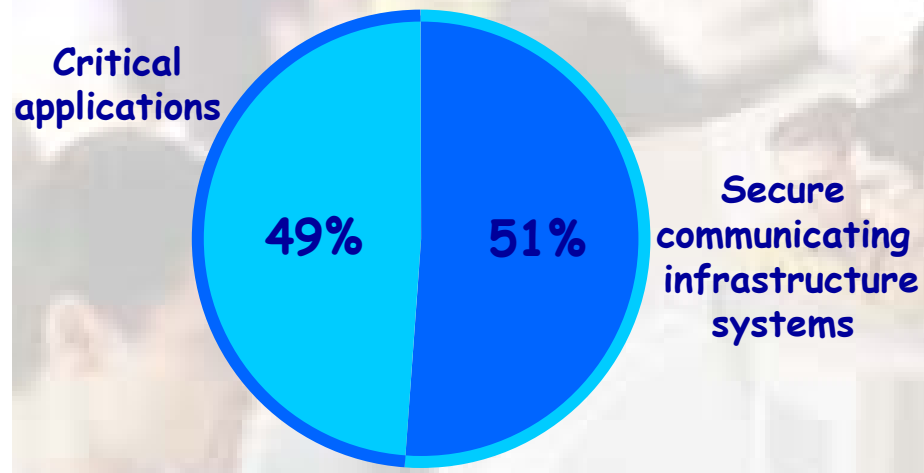
# Leading positions



- **Aerospace :**
  - no. 1 French IT services provider to the space industry
  - no. 2 European provider
- **Air Traffic Control:** no. 1 French communication systems supplier
- **Virtual Reality systems:** leading European supplier
- **Road Traffic:** no. 3 supplier of traffic management and toll systems world-wide
- **Outsourcing:** no. 3 French provider of distributed systems for administration services
- **Network Services:** no. 1 in France in network integration
- **Digital Simulation:** leading European division
- **System and data migration:** among the top 3

# Breakdown of sales by business and by market

First-half 2003



A balanced business mix



60% of our sales

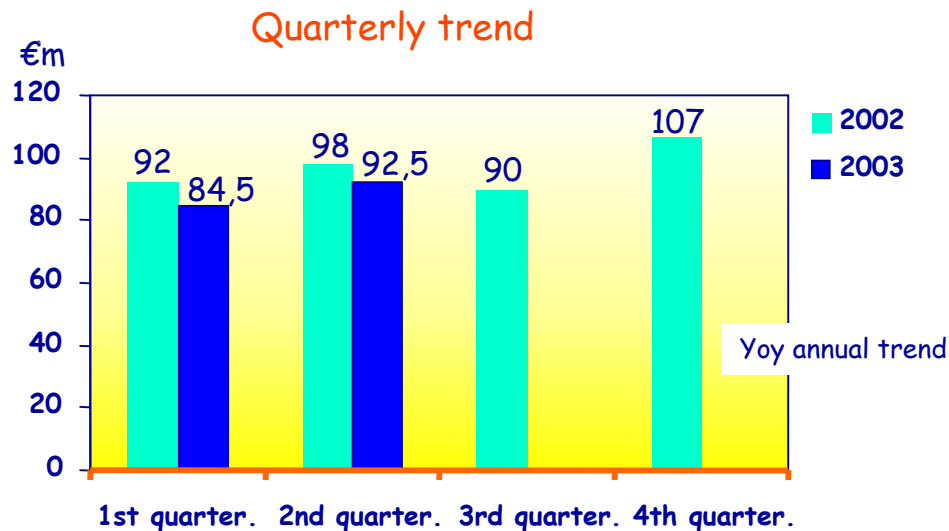
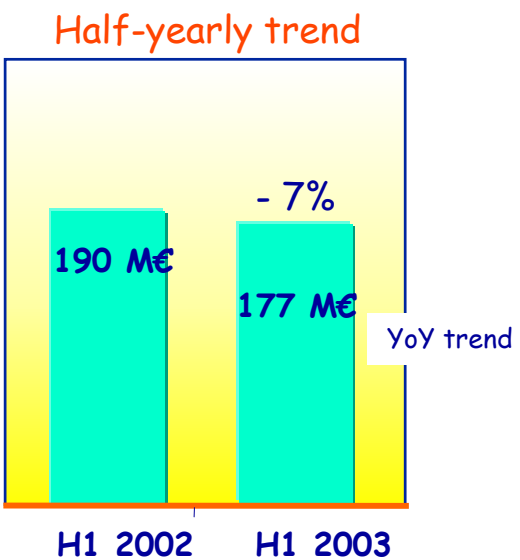




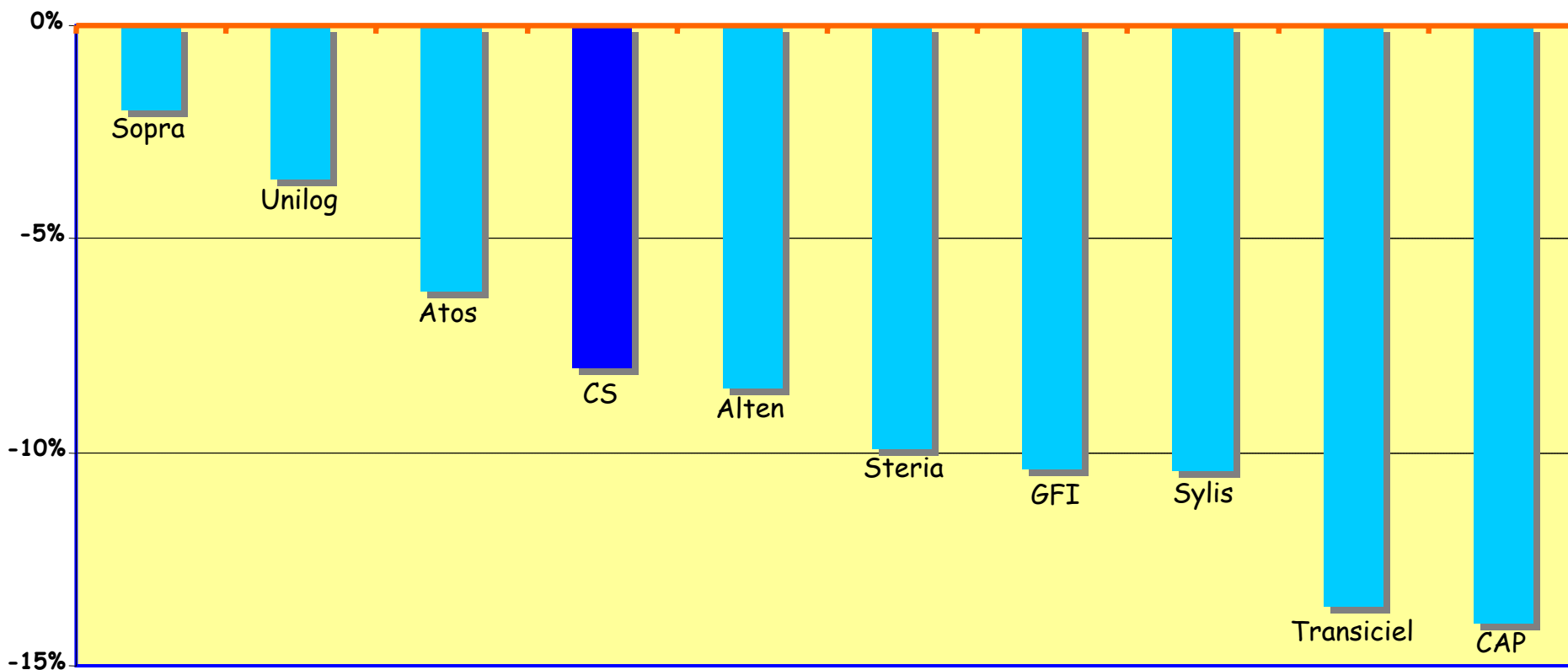
# First-half 2003 Results

# Sales contracted by 7% ...

- due to market situation
- and space sector



# ...in a significantly declining market



Organic growth - press source

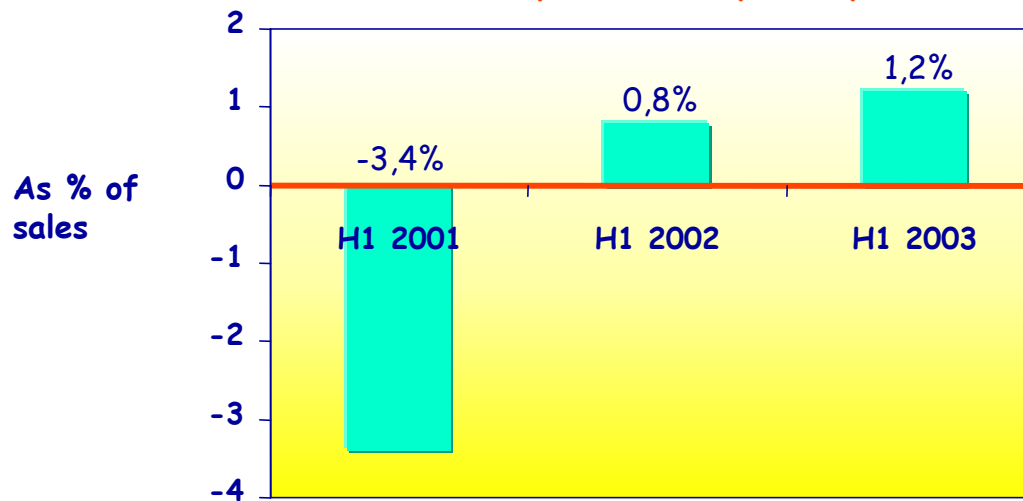


**Operating income**

# Consolidation of operating income compared to H1 2002

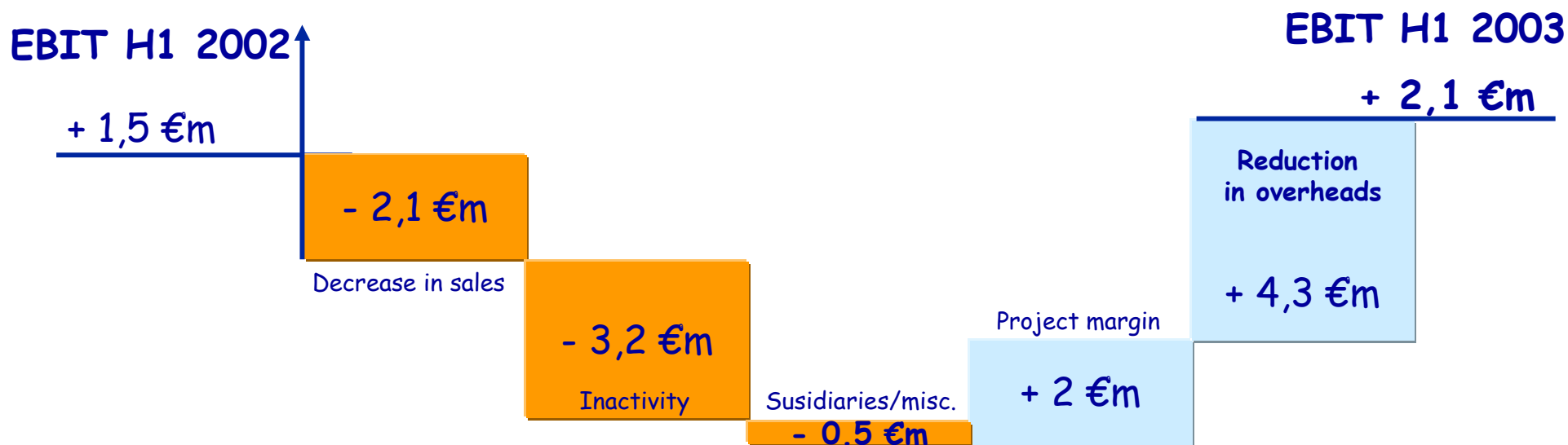
€ millions	H1 2002	H1 2003
EBIT DA	5,6	5,8
% CA	2,9	3,3
Operating income	1,5	2,1
% du CA	+0,8	+1,2

## EBIT trend per half-yearly YoY



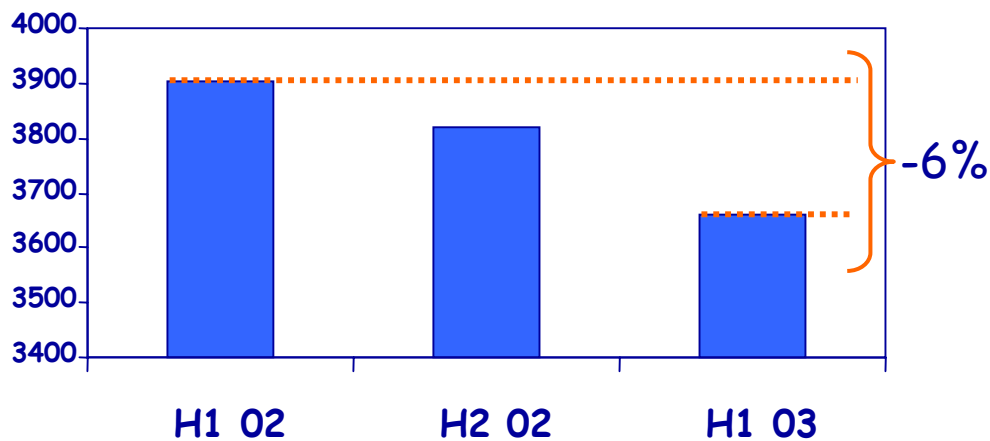
# Consolidation of operating income - Source

€ millions	H1 2002	H1 2003
Sales	190	177
Operating income	1,5	2,1

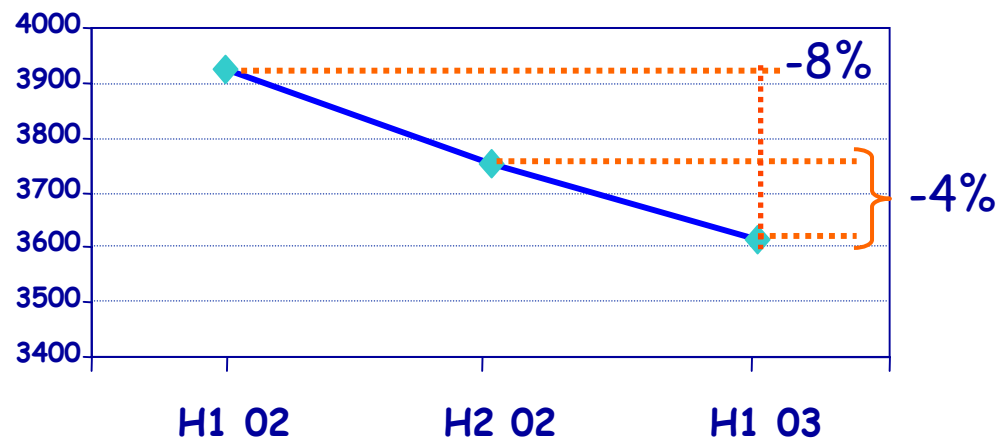


# Trend in workforce

## Average workforce trend YoY



## Trend in workforce at end of half year



# Continuation of structural improvement programmes

## ■ Commercial effectiveness

- Value selling
- Improvement in commercial productivity

## ■ Improvement in margin

- Industrial development
- Risk management
- Training for project leaders

## ■ Overheads

- Streamlining of hosting costs



- ✓ Training in progress ( 20/80)
- ✓ Setting up of « Sector Executives » programme
- ✓ Follow-up of high-risk projects - Balanced Scored Card
- ✓ 20% of employees concerned by deployment (280) -> end half-year-2004
- ✓ Centralization of Paris premises : 18% economy in surface area from 4th quarter 2003



# First-half 2003 consolidated Group results

€ millions	2002	H1 2002	H1 2003
Revenues	387	190	177
EBIT DA	16,7	5,5	5,8
Operating income	7,8	1,5	2,1
Net interest expense	-3,5	-1,4	-0,5
Ordinary income (before taxes)	4,3	0,1	1,6

# Extraordinary items reflect the effort made to adapt costs in accordance with business development

€ millions	2002	H1 2002	H1 2003
Adaptation and hosting costs	-5,9	-1,2	-6,2
Other	-2,5	-3,5	-1,1
<b>Total</b>	<b>-8,4</b>	<b>-4,7</b>	<b>-7,3</b>

# First-half 2003 consolidated Group results

€ millions	2002	H1 2002	H1 2003
Operating income	-8,4	-4,7	-7,3
Taxes	-0,3	0,0	-0,2
<b>NET result before goodwill</b>	<b>-4,4</b>	<b>-4,6</b>	<b>-5,9</b>
Minority interests	0,5	0,1	-
Depreciation allowance of goodwill	-3,6	-1,6	-1,6
<b>NET result Group share after goodwill</b>	<b>-7,5</b>	<b>-6,1</b>	<b>-7,5</b>



# Management of Cash Flow

# Half yearly Cash Flow summary\*

	H1 2002	H2 2002	H1 2003
<b>EBITDA</b>	<b>5,6</b>	<b>11,1</b>	<b>5,8</b>
Cash flow from financial activities	-1,3	-1,9	-0,8
Change in working capital requirements	0,8	10,4	14,9
Investments	-3,8	-2,5	-1,9
<b>Free Operating Cash flow</b>	<b>1,3</b>	<b>17,1</b>	<b>18,0</b>
Extraordinary cash flow	-10,9	-8,2	-6,2
<i>Adaptation costs</i>	<i>-6,8</i>	<i>-7,8</i>	<i>-4,0</i>
<i>Other</i>	<i>-4,1</i>	<i>-0,4</i>	<i>-2,2</i>
Increase in capital	15,2	-	-
Net asset disposal	-1,6	0,5	0,5
Other (conversion)	1,2	0,3	-0,2
<b>Net Cash flow</b>	<b>5,2</b>	<b>9,7</b>	<b>12,1</b>

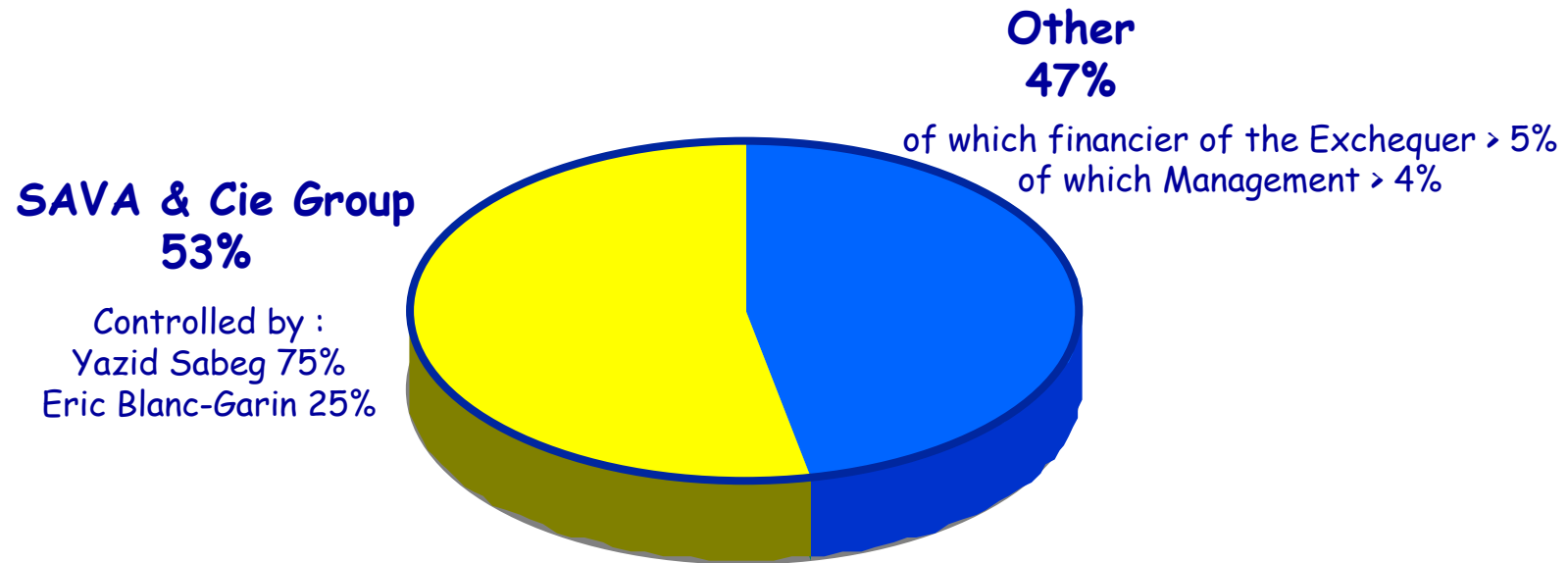
\* including Daily law financing

# Summary\* balance sheet

Consolidated figures in € millions	01.01.01	30.06.02	31.12.02	30.06.03
Net assets	80	76	71	66
<i>of which goodwill</i>	<i>51</i>	<i>49</i>	<i>47</i>	<i>45</i>
Working capital requirements	33	32	22	8
<b>Net operating assets</b>	<b>113</b>	<b>108</b>	<b>93</b>	<b>74</b>
Shareholders' equity	28	37	36	28
Provisions for R & C	30	22	17	18
Net debt	55	49	40	28
<i>Of which securitized receivables (Daily law)</i>	<i>40</i>	<i>40</i>	<i>43</i>	<i>28</i>
<i>Of which overdrafts (+) cash (-)</i>	<i>15</i>	<i>9</i>	<i>-3</i>	<i>-</i>
<b>Resources</b>	<b>113</b>	<b>108</b>	<b>93</b>	<b>74</b>
Yearly WCR/sales	8%	8%	6%	2%
<b>Gearing</b>	<b>198%</b>	<b>133%</b>	<b>112%</b>	<b>99%</b>
Net debt/yearly sales	13%	13%	10%	8%

\* including Daily law financing

# Breakdown of CS capital



# CS market rate trend

