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# 2003 Annual Results

## 8 March 2004



MID CAC



Euroclear Code: 7896

FTSE classification: 972 – Computer Services



## Objectives announced for 2003 ... and 2003 results

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



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## CS Positioning





CS,



- **Positioning**

- Critical applications **CS no.1**
  - Critical infrastructures **CS no.3**
- } Technical and information systems

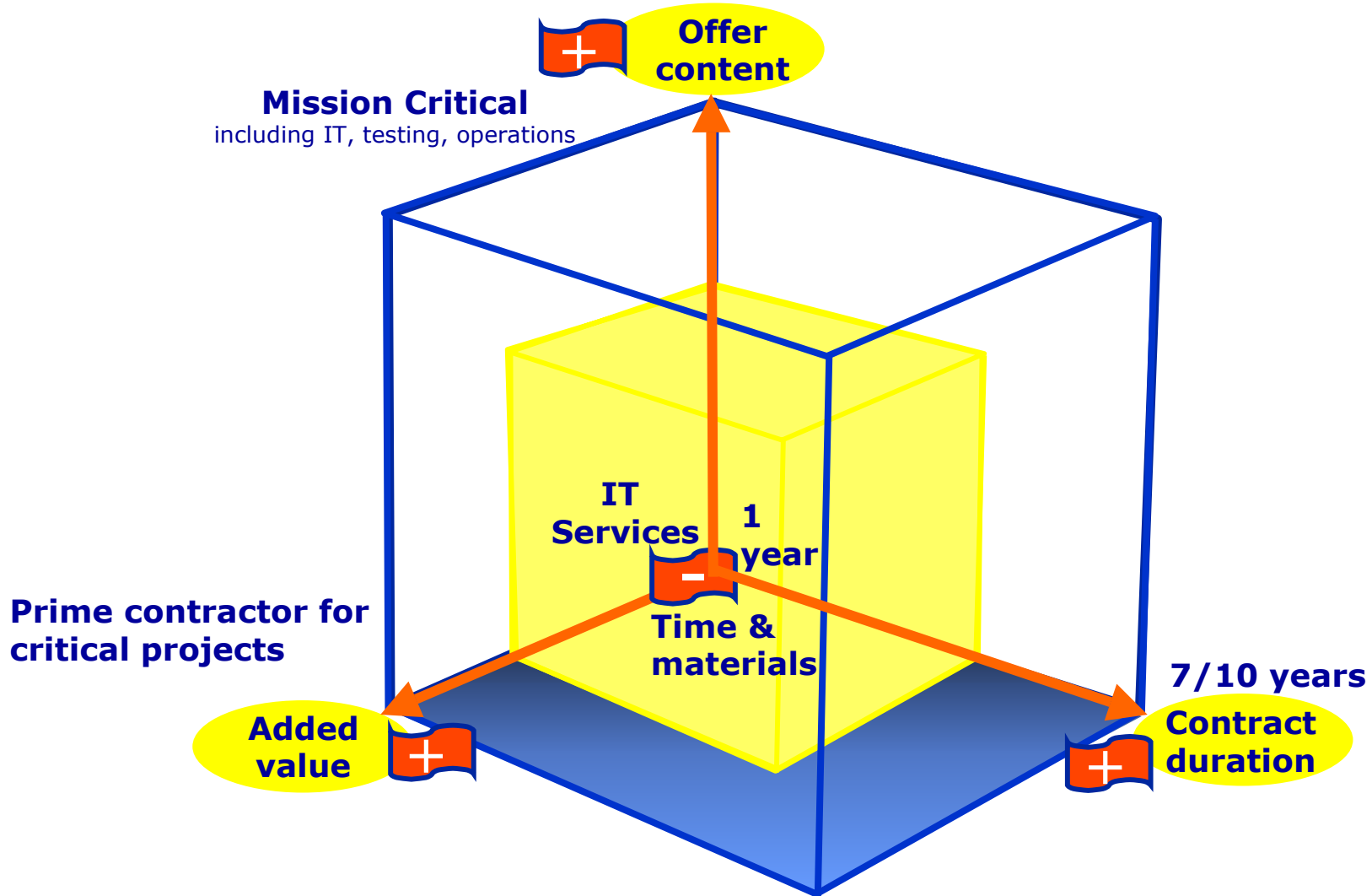
- **Long-term partner for our customers in design, integration and operations**

- 70% of revenue comes from recurrent contracts
- From core customers' business





# Our development business model





## CS - Prime contractor on major projects

2003 achievements

- **For mission critical and applications**
  - Development of an airport navigation system for Airbus
  - Interconnection of military and civilian telephone networks for the coordination of civil and military control-systems - DGA-SPOTI (French Ministry of defence)
  - Control system for the turbine on the Eurocopter Puma, highest level of criticality requirements for embedded avionics software D0-178B
  - System for predicting electromagnetic radar coverage according to weather and geographic conditions for DCN
- **For infrastructure services**
  - SNCF - Implementation of networked video surveillance system
  - Modernisation of Croatian toll highways network (380 lanes), tags for Free-Flow system in Chile
  - Implementation and maintenance of a secure collaborative infrastructure for MAAPAR (the French Ministry of Agriculture, Food, Fisheries and Rural Affairs)
  - Outsourcing for the production line of Altis semiconductors
  - Full outsourcing for the logistics company STACI

70% of revenue comes from recurrent contracts



Vidéo-surveillance numérique



Free-Flow



## Leading positions

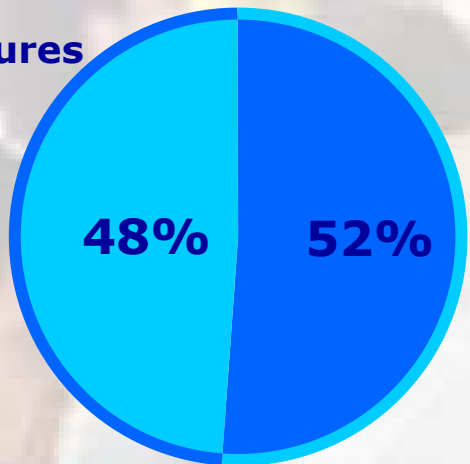


	France	Europe	Worldwide
Space	1st	2nd	
Air traffic control communication systems	1st		
Virtual reality		1st	
Toll systems (incl. electronic toll collection)			3rd
Outsourcing distributed systems	3rd		
Network services	1st		
Digital simulation		1st	
Systems and data conversion	3rd		



# Breakdown of sales by business and by market

Critical infrastructures



Critical applications

**A balanced business mix**



**60% of our sales**





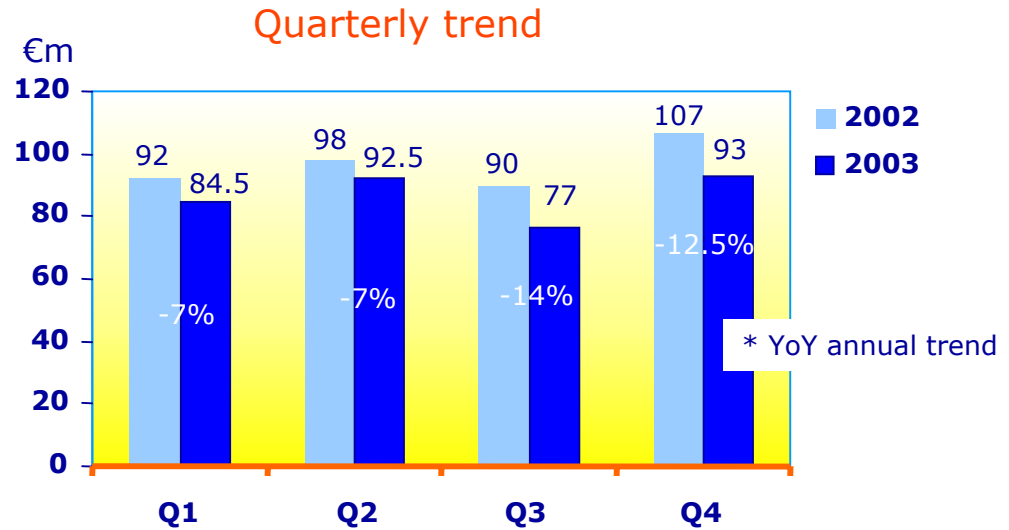
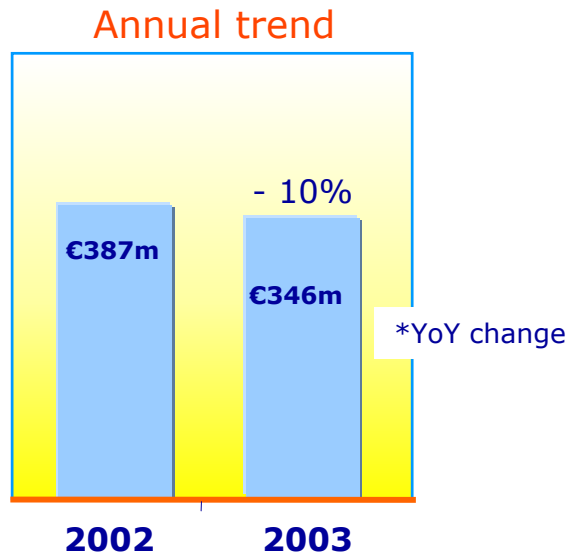
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**Results**  
**Year ended 31 December 2003**



## Sales contracted by 10%

- Due to market context
- And to space sector



\*At constant consolidation scope and exchange rates



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**Operating income**

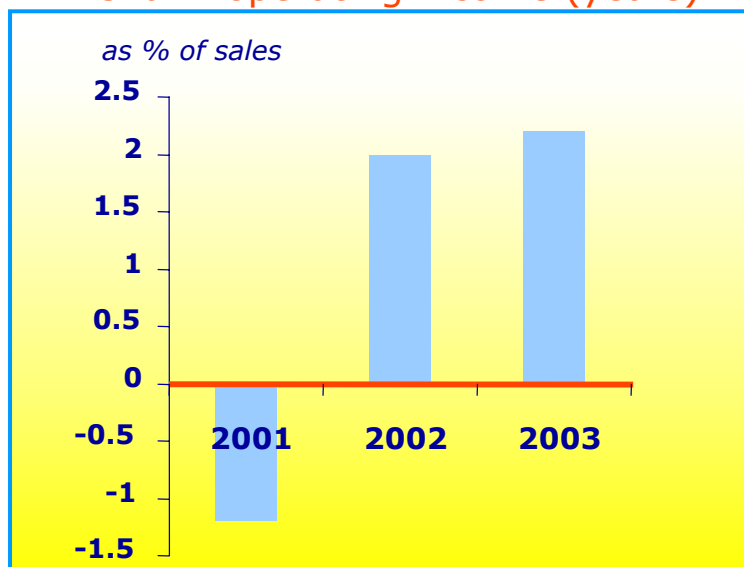




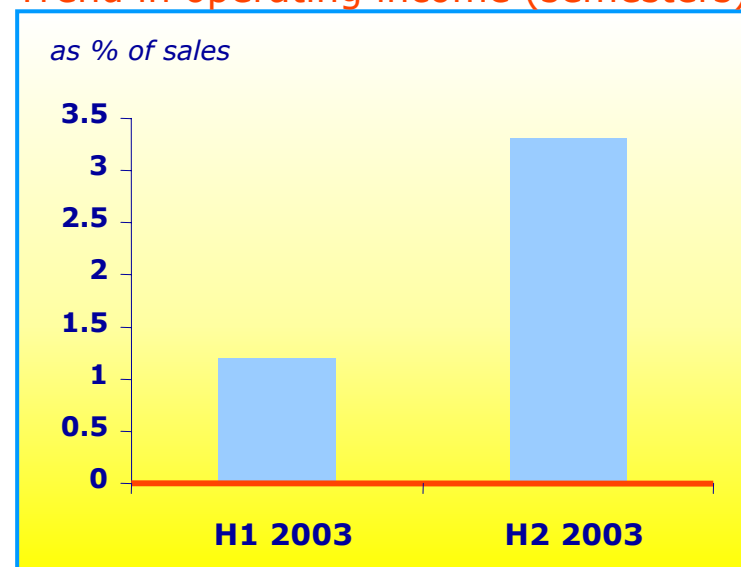
## Consolidation of operating income

€ millions	2001pro forma	2002	2003
<b>Sales</b>	<b>380</b>	<b>387</b>	<b>346</b>
<b>Operating income</b>	<b>(4.4)</b>	<b>7.8</b>	<b>7.6</b>
<b>As % of sales</b>	<b>-1.2%</b>	<b>2.0%</b>	<b>2.2%</b>

Trend in operating income (years)



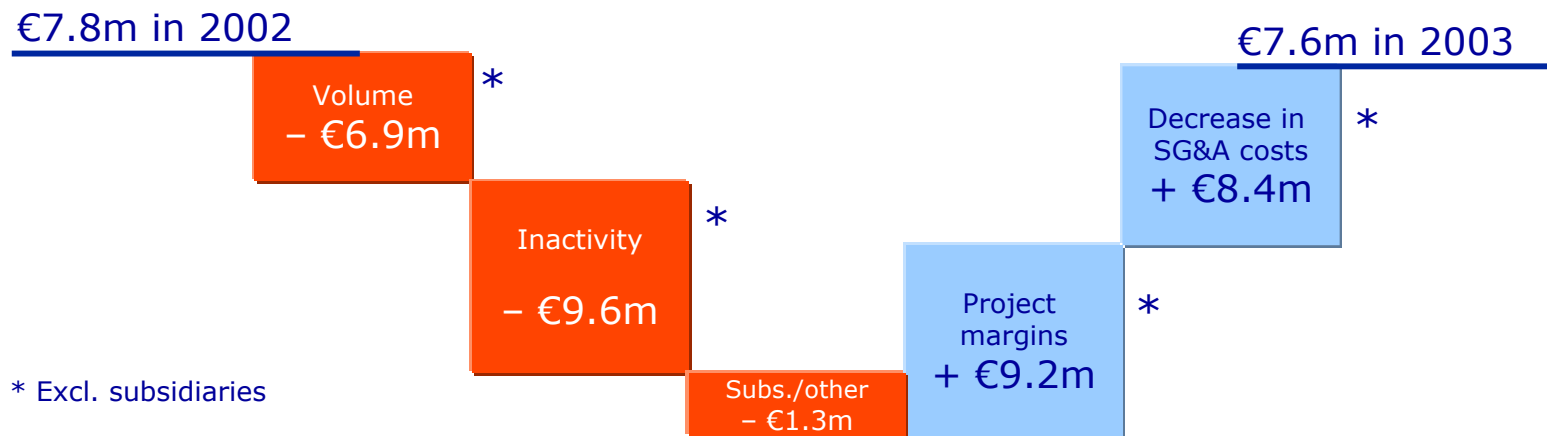
Trend in operating income (semesters)





## Consolidation of operating income – Source

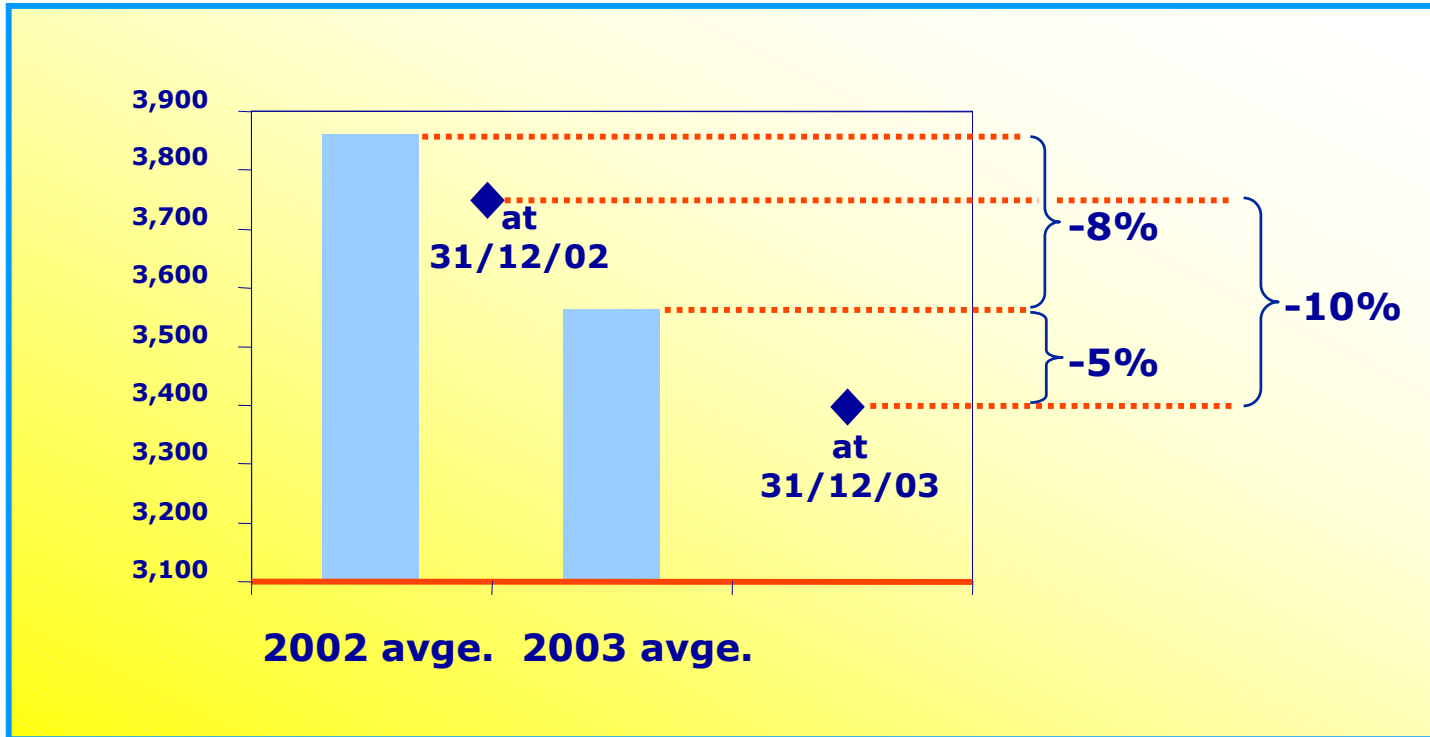
€ millions	2002	2003
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<b>Operating income</b> <i>as % of sales</i>	<b>7.8</b> <b>2.0%</b>	<b>7.6</b> <b>2.2%</b>





# Trend in workforce in line with activity

Workforce trend





## Improvement in project margins

- **Monitoring of project margins as from the pre-sales phase**
  - Use of costing/pricing process
- **Contract management**
  - Training of contract managers (programme ends in June 2004)
  - 280 staff have been trained
- **Project monitoring**
  - Business reviews
  - Balanced Scored Card indicators



**Designer**

**Integrator**

**Operator**

**of Mission Critical Systems**

- **Increased momentum of the sales and marketing organization**
  - Specific monitoring of CS's 10 strategic sectors
    - Space, Aeronautics, Defence, Civil and military aviation, Telecoms operator, Utilities, Automotive, Public utilities, Banks, Distribution/Logistics
  - A single sales and marketing organization for the CS group
  - Use of sales process management tools
- **Dynamic partnership policy**
  - Completeness of the offer: EMC, Visiowave, ECS, etc.
  - Expertise network: First Services
- **Development of cross-disciplinary offers**
  - Open-source software
  - Management of IT infrastructures
  - Grid computing
  - Security and business continuity





## Optimised operational organisation

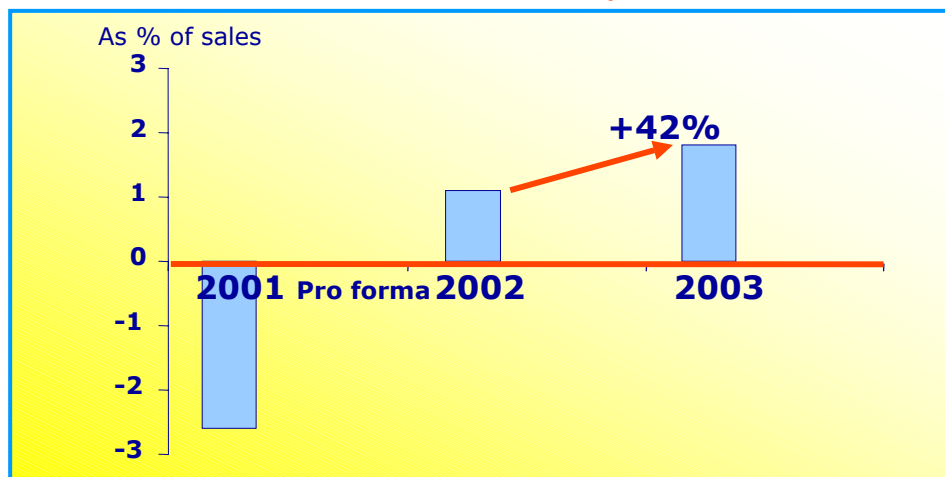
- **Finalisation of organisation of activities by Business Model**
  - Critical applications/critical infrastructures
  - Enhanced sales and technical synergies
  - Optimisation of structures
- **Integration of subsidiaries by skill centres**
  - Corporate approach to projects
  - Control of profitability



## 2003 consolidated Group annual results

€ millions	2002	H1 2003	H2 2003	2003
Sales	387	177	169	346
Operating income As % of sales	7.8 <b>2.0%</b>	2.1 <b>1.2%</b>	5.5 <b>3.3%</b>	7.6 <b>2.2%</b>
<b>Net interest expense</b>	<b>(3.5)</b>	<b>(0.5)</b>	<b>(1.0)</b>	<b>(1.5)</b>
Ordinary income (before taxes) As % of sales	4.3 <b>1.1%</b>	1.6 <b>0.9%</b>	4.5 <b>2.5%</b>	6.1 <b>1.8%</b>

### YoY trend in ordinary income





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

€ millions	2002	H1 2003	H2 2003	2003
<b>Adaptation and housing expenses</b>	<b>(5.9)</b>	<b>(6.2)</b>	<b>(5.4)</b>	<b>(11.6)</b>
<b>Other</b>	<b>(2.5)</b>	<b>(1.1)</b>	<b>1.8</b>	<b>0.7</b>
<b>Total</b>	<b>(8.4)</b>	<b>(7.3)</b>	<b>(3.6)</b>	<b>(10.9)</b>



## 2003 consolidated Group annual results

in €m	2002	H1 2003	H2 2003	2003
<b>Net exceptional income / (loss)</b>	<b>(8.4)</b>	<b>(7.3)</b>	<b>(3.6)</b>	<b>(10.9)</b>
<b>Taxes</b>	<b>(0.3)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.3)</b>
NET result before goodwill	(4.4)	(5.9)	0.8	(5.1)
<b>Minority interests</b>	<b>0.5</b>	-	<b>0.1</b>	<b>0.1</b>
<b>Depreciation allowance of Goodwill</b>	<b>(3.6)</b>	<b>(1.6)</b>	<b>(1.9)</b>	<b>(3.5)</b>
NET result Group share after goodwill	(7.5)	(7.5)	(1.0)	(8.5)



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## Cash Flow management





## Economic Cash Flow\*

	2002	2003
<b>EBITDA</b>	<b>16.7</b>	<b>14.3</b>
<b>Financial cash flow</b>	<b>(3.2)</b>	<b>(1.7)</b>
<b>Change in WCR</b>	<b>11.2</b>	<b>45.1</b>
<b>Investments</b>	<b>(6.3)</b>	<b>(3.6)</b>
Free Operating Cash flow	18.4	54.1
<b>Extraordinary cash flow</b>	<b>(19.1)</b>	<b>(13.7)</b>
<i>of which restructuring costs</i>	<i>(14.6)</i>	<i>(12.5)</i>
<i>of which other costs</i>	<i>(4.5)</i>	<i>(1.2)</i>
<b>Capital increase</b>	<b>15.2</b>	-
<b>Net asset disposal</b>	<b>(1.1)</b>	<b>0.2</b>
<b>Other</b>	<b>1.5</b>	<b>(0.1)</b>
Net Cash flow	14.9	40.5

\* Including Dailly law financing but excluding factoring = €3.4m at 30/06/03; €11.5m at 31/12/03



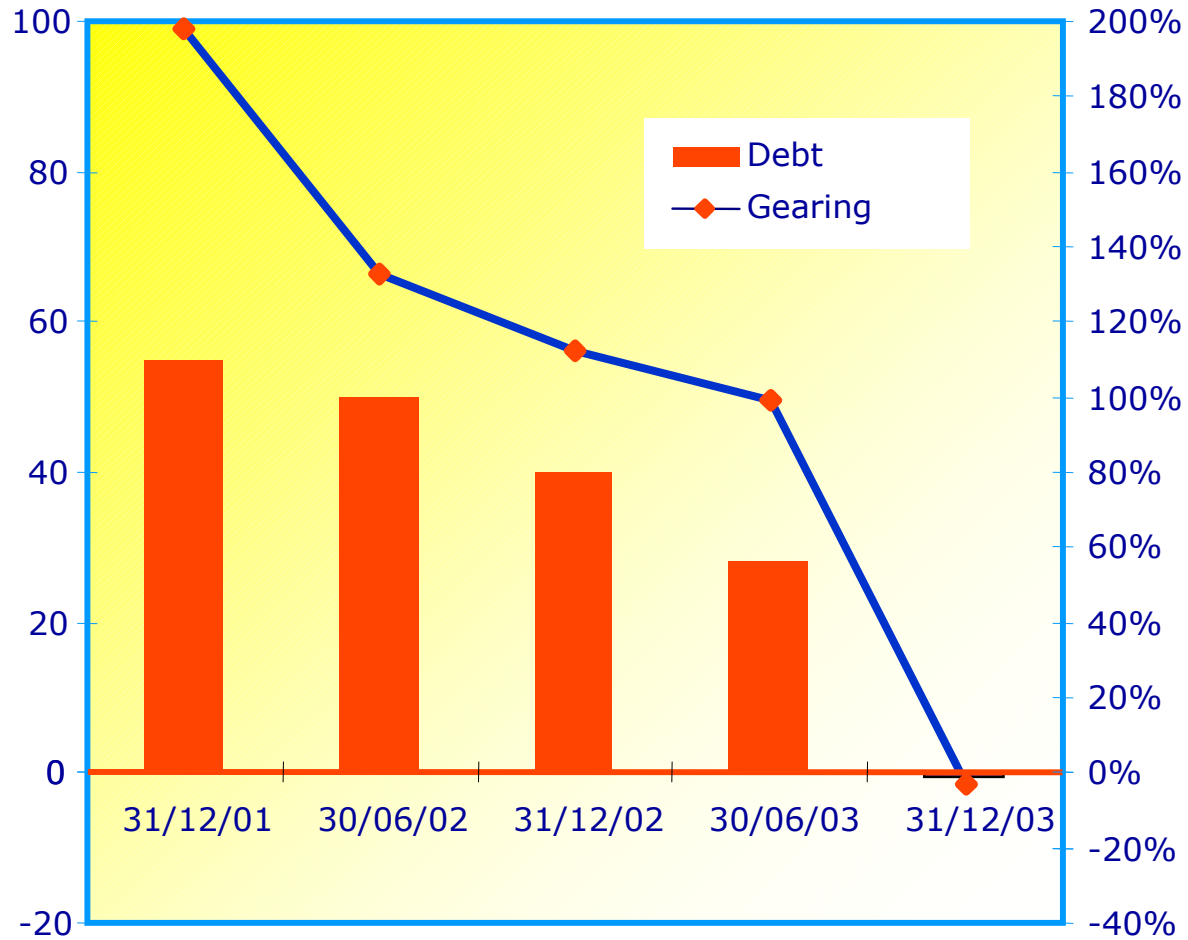
## Economic balance sheet

Consolidated figures in €m	31.12.01	31.12.02	30.06.03	31.12.03
<b>Net assets</b>	<b>80</b>	<b>71</b>	<b>66</b>	<b>65.0</b>
<i>Of which goodwill</i>	<b>51</b>	<b>47</b>	<b>45</b>	<b>44.7</b>
<b>WCR</b>	<b>33</b>	<b>22</b>	<b>8</b>	<b>(21.5)</b>
Net operating assets	113	93	74	43.5
<b>Shareholders' equity</b>	<b>28</b>	<b>36</b>	<b>28</b>	<b>28.4</b>
<b>Provisions for risks and charges</b>	<b>30</b>	<b>17</b>	<b>18</b>	<b>15.7</b>
<b>Net debt*</b>	<b>55</b>	<b>40</b>	<b>28</b>	<b>(0.8)</b>
Resources	113	93	74	43.5
<b>WCR/sales **</b>	<b>8%</b>	<b>6%</b>	<b>2%</b>	<b>-6.2%</b>
<b>Gearing</b>	<b>198%</b>	<b>112%</b>	<b>99%</b>	<b>-3%</b>
<b>Net debt/sales **</b>	<b>13%</b>	<b>10%</b>	<b>8%</b>	<b>-0.2%</b>

\* Including Daily law financing but excluding factoring = €3.4m at 30/06/03; €11.5m at 31/12/03

\*\* Annualised for H1-2003 (30.06.2003 column)

## Change in net debt\* and gearing



\* Including Dailly law financing but excluding factoring = €3.4m at 30/06/03; €11.5m at 31/12/03

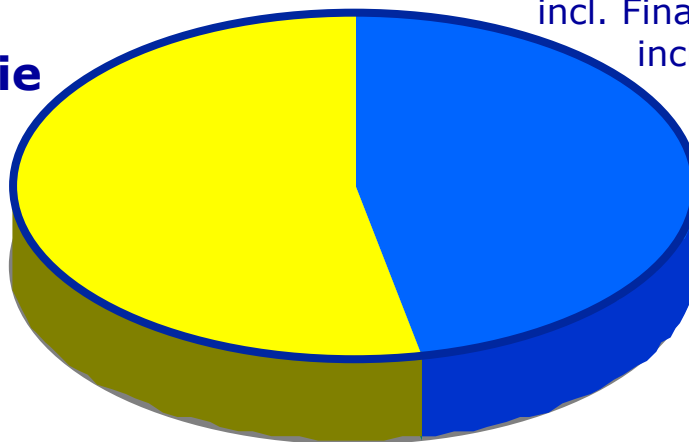




## Breakdown of CS capital

**Group SAVA & Cie**  
**53%**

Controlled by:  
Yazid Sabeg 75%  
Eric Blanc-Garin 25%



**Other**  
**47%**

incl. Financière de l'Echiquier > 5%  
incl. Management > 4%



## Our priorities

- 1 Improvement of operating income and positive net income
- 2 Support our markets' growth
- 3 Consolidation of gearing ratio