

The logo for Sword Group, featuring the word "SWORD" in a bold, blue, sans-serif font. A yellow horizontal line is positioned below the letters "O" and "R".

UPGRADE YOUR BUSINESS

# Sword Group completes accretive MBO sale of its Scottish services operations

News Release

Wednesday 13 May 2009 Sword Group (NYSE Euronext: FR0004180578 SWP) today, announces the completion of a management buy-out of its Scottish services operation in line with the company's stated strategy to focus on its growing software solutions portfolio.

The company has sold the Scottish services business for an all cash consideration of £27.8 million for 77.5 per cent ordinary share capital to the newly-created Amor Group which consists of the existing management team backed by Close Growth Capital, Clydesdale Bank and Scottish Enterprise.

Sword will receive an initial cash consideration of £27.8 million (£19 million after the deduction of loans and transaction costs) and has an investment of £8m in the new Group paying an 18% coupon. Amor Group forecast to generate £32 million in revenue in 2009 with an EBIT of 12%.

With consolidated Group revenues of over € 205 million and a secured backlog of over € 400 million Euros, Sword's software business in 2008 accounted for 46.7 per cent of revenue last year with associated EBIT of 24.6 per cent.

This deal sees Sword's software business now account for more than 60 per cent of the company's annual revenue and marks a positive increase in profitability. The company's stated objective is to deliver eighty per cent of its revenue through software by 2010, globally.

Jacques Mottard, executive chairman Sword Group said: "This is a significant step for us as a Group in the crystallisation of our long-term business strategy to build a world-class portfolio of software products and solutions.

"The revenue from the sale enables us to further strengthen our offerings through our software build-out strategy. Key to this is our ongoing investment in research, development and delivery models as well as the addition of new strategic partners to enhance our offerings and accelerate time-to market. Our software road-map is further augmented by the ability to acquire complementary software and components to enhance our portfolio. We will continue our software acquisition strategy in Q3/Q4.

"Our transition to a software business is already delivering significant global opportunities which we could not have achieved as a services business alone. We are seeing our fastest growth in software, indeed in the US last year we increased our foothold by 140 per cent and this year we will continue to deliver business process improvement solutions to enterprises in our key verticals across Europe, the Americas, Asia Pacific and the Middle East.

This is borne out with Sword's successful acquisition and integration of Graham Technology in Q1 2008, now our customer interaction software offering Sword Ciboodle, which is being recognised by leading industry analysts including Gartner and Forrester as well as winning new implementations for a number of international customers including Sears and BGL as well as Admiral which was an existing Sword customer.

Sword's other software offerings include the global insurance solutions Sword Intech, financial transaction management software Sword FircoSoft, wholesale finance solutions Sword Apak, governance risk and compliance software Sword Achiever and the SaaS solution Sword CTSpace.

The Group's services portfolio will continue to deliver consulting, development and integration solutions to customers with the convenience of a blended delivery model which enables customers to benefit from their preferred combination, of offshore, nearshore and onshore resources.

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## Notes to editors

Sword Group (NYSE Euronext: FR0004180578 SWP) delivers high value business applications to the world's largest companies globally. With operations in 37 countries, Sword today employs over 2000 people and generates more than €200 million in consolidated revenue. An international leader in the delivery of Business Process Improvement solutions, Sword's skills, infrastructure and experience help our customers across regulated industries optimise performance, increase efficiencies and maximise return on investment. With flexible delivery options, including On Demand and On Premises, combined with our extensive industry expertise, Sword provides comprehensive support to customers across insurance & healthcare, energy, banking & finance, telecoms, utilities, engineering & construction and the public sector. For more information, please visit [www.sword-group.com](http://www.sword-group.com)

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