

SWORD

UPGRADE YOUR BUSINESS

2008 Annual Accounts

€m	2008	2007
Consolidated revenue	205.7	179.0
Current operating profit	37.0	29.3
Operating profit	33.7	29.2
Net profit	21.3	18.9
Net attributable profit	21.0	18.5

I ANALYSIS

a. Operating results

- The operating profit for the financial year was 18.0 %. This is 1.5 points greater than the budgeted operating profit.
- Exceptional costs were recorded during the current year relating to:
 - Exceptional depreciation of 100% of the capitalised R&D costs,
 - 100% provision for onerous leases relating to non-utilised properties.
- 70% of the Group's revenue are now generated out with the Euro with 51.5% represented by GBP.

The revenue increased by 14.9%. (If the consolidation was performed in GBP this increase would have been 33.5%).

- On the 31st March 2008, Sword acquired Graham Technology (renamed Sword Ciboodle). This was the only acquisition carried out in 2008. The strategic plans for all acquisitions in 2007 and 2008 have been successfully implemented.

b. Strong financial position

The net equity of the Group is €124.5m and the net cash position is - €86.4m. There are long-term credit lines available to the Group representing an incremental increase of €38m.

As a result of this strong financial position Sword will declare a dividend of €0.6 per share. This represents a 13.21% increase in the level of dividends and provides a dividend yield of 5.5% compared to the average share price in February.

II PROSPECTS FOR FY 2009

- Sword had predicted an economic crisis in 2009 and as such the Group is well placed to manage events effectively. We have ensured areas of flexibility were built into the business in order to allow us to pro-actively respond to the turbulent economic environment (for example there are over 300 sub contractors employed by the business).
- Our current forecasts for the future performance of the organisation have assumed that there will be a 5% reduction in the global IT spend in 2009.
- Taking into account the size of our contracts, the recurring nature of our revenue recognition models and the size of the backlog, Sword predicts a 5 – 10% level of organic growth in 2009 assuming a constant exchange rate and the same consolidation perimeter.
- Sword will continue to invest in R&D activities to support its software portfolio. R&D spend will remain at 18% of revenue and there is no plan to capitalise this expenditure.
- Sword will facilitate the productisation of a number of its services operations in 2009. To support this initiative the Group will launch an exceptional project with budgeted spend of €1.8m over 2 years. This project will be capitalised.
- The current operating profit in 2009 will be greater than 16%.

Year 2008

Consolidated revenue: €205.7 m

Organic growth: 13.4 % ⁽¹⁾

Consolidated growth: 14.9 %

Current operating profit: 18.0 %

Dividend: +13.21 %

Year 2009

Organic growth: 5 to 10 % ⁽¹⁾

Current operating profit > to 16 %

⁽¹⁾ at constant exchange rate and constant perimeter

Investor relations

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Media relations

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Sword Group

Founded: December 2000

Founder and Chairman: Jacques MOTTARD

Employees: 2,018 (31/12/08)

Stock Information

Euronext Paris - Compartment C

ISIN code: FR0004180578

ICB: 972 IT Services - SBF 250 - IT CAC

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