

SWORD

UPGRADE YOUR BUSINESS

Sword Group announces the accretive disposal of its services subsidiary in Scotland on 11th May 2009

Sword reinforces the Group's global focus on its software portfolio

Sword Group announces the sale of its Scottish services subsidiary Sword Business Technology Solutions (SBTS)

1. SBTS with operations in Glasgow and Aberdeen has been sold to the newly-created Amor Group which consists of the existing management team backed by Close Growth Capital, Clydesdale Bank and Scottish Enterprise.

After this disposal Sword's operations will comprise of:

- a) Services (40% of revenue) in Benelux, Switzerland, France, US and UK
- b) Software (60% of revenue) with operations in 37 countries

2. The £27.8 million consideration for SBTS is based on a 77.5% stake in the business which delivers an enterprise value of one times revenue.

Sword will retain an interest in the newly-formed company Amor Group as:

- a) Sword will hold 22.5 % stake of SBTS
- b) Sword will provide an £8 million loan to Amor Group
- c) Sword will sell SBTS's software components in Continental Europe which will strengthen its services division

As a result of the sale Sword will de-consolidate £32 million revenue with 12.2 % EBIT forecasted in 2009, with 330 staff.

3. Following this disposal and before any future acquisitions, the 2009 forecast, at the current exchange rates is:

a) Pro forma revenue	€170 m
b) Consolidated revenue	€181 m
c) Pro forma profitability	17.6 %
d) Consolidated profitability	17.0 %

This forecast is based on the following data:

- a) 2008 pro forma revenue at current exchange rates: €195 m,
- b) 2009 consolidated profitability with the initial perimeter (01/01/09): 16.5 %
- c) 2009 organic growth: 5 %

Sword will continue its software acquisition strategy in H2-2009.

4. The immediately available cash for Sword Group following the transaction will be £19 million after the deduction of loan and transaction costs.

The interest rate per annum for the loan will be 18%.

The key advantages of this deal are:

- a) The alignment of our strategy on our software portfolio
- b) The immediate cash generation (£19 m)
- c) The decrease of the EV/EBIT ratio
- d) The future cash generation (loan repayment and 22.5 % holding)

HIGHLIGHTS

INCREASE IN PRO FORMA PROFITABILITY FROM 16.5% TO 17.6%

SOFTWARE REVENUE INCREASES FROM 46.7% IN 2008 TO 60% IN 2009

£19 MILLION IMMEDIATE FUNDING FOR ACQUISITIONS

SWORD GROUP LENDS £8 M TO AMOR GROUP AT 18 % INTEREST

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Sword Group

Founded: December 2000

Founder and Chairman: Jacques Mottard

Employees: 1,703 (12/05/09)

Stock Information

EURONEXT PARIS - Compartment C

ISIN code: FR0004180578

ICB: 972 IT Services - SBF 250 - IT CAC

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