



Sword Group implements strategic re-organisation with the disposal of non strategic product lines

Lyon - 27 May 2011

SWORD DELIVERS ON STRATEGIC RE-ORGANISATION AIMED AT ENSURING FUTURE GROWTH

At the start of the year Sword announced the following objectives:

a. A return to double digit organic growth

Internal operational investment within the group of €5.5 million will be made during FY2011, this investment will be made in order to ensure the infrastructure is in place to target double digit organic growth as of FY2011.

b. Clarification of a technology based value proposition with clear synergistic advantages

In order to concentrate on a key set of core value propositions Sword has disposed of certain of its non strategic operations. The disposal of FircoSoft was completed this Friday 27th May, the disposal of the Insurance portfolio has also been signed although completion of this transaction is still subject to US and UK regulatory approval (this approval is expected to be received in July).

Following these two disposals Sword will have simplified its value proposition around the following technologies CRM, ECM, and SIG, the additional focus around these core products will allow us to create additional coherence, value and synergies within the group.

c. Re-enforcement of the corporate and management structure

The following internal actions have taken place:

- Recruitment of additional Operations director, Boris Huard, based in London, has joined the group. He will help strengthen the current CEO's already in place, Mike Hughes, Tony Allen and Juan Arcas.
- Phil Norgate will be responsible for the creation of a new autonomous department which will be dedicated to managing the future acquisition process and the control environment within the group,
- Creation of an audit committee,
- During the General Assembly which took place on the 17th May, François-Régis Ory was appointed as an Independent board member.

DISPOSAL OF FIRCOFIRM AND THE INSURANCE PORTFOLIO

The budgeted revenue for the above entities was €63.4M with an EBIT of €13.5M.

As a direct result of the disposals, the original FY2011 Sword Group budgeted revenue of €203.9M with EBIT of €36.1M will be reduced to:

- Pro-forma revenue of €139.6M with pro-forma EBIT of €22.5M,
- Consolidated revenue of €166.9M with consolidated EBIT of €28.2M.

Net cash in the region of €100M will be generated by the above transactions.

The above transactions will be accretive and they will generate over €25M of profits and most importantly will allow the group to concentrate on its core technologies and value offerings.

FINANCIAL STRATEGY

The elimination of the debt within Sword Group along with the confirmed credit lines available allows Sword to:

- The Board will propose an exceptional dividend payment of €1.7 per share,
- Retain over €100M of financial resources in order to finance the future acquisition strategy.

Sword Group

Disposal of two product lines

Refocusing on core technologies to develop synergies within the group

Capacity for future investment in acquisitions: €100M

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Sword Group

Employees: 1,875 (31/03/2011)
 Stock Information
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 ICB : 972 Services Informatiques
 Indices CAC® Small
 CAC® Mid & Small
 CAC® All-Tradable
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