

## Press release

### GENESYS CONFERENCING REPORTS PRELIMINARY UNAUDITED PRO FORMA SECOND-QUARTER RESULTS

[Montpellier, France and Stockholm, Sweden, August 17, 2001.] **Genesys Conferencing** (Euronext: 3955 and Nasdaq: GNSY), the world's leading conferencing specialist, has announced preliminary unaudited pro forma results for the second quarter ended June 30, 2001. The results reflect the combined performance of Genesys Conferencing, Vialog Corporation, which was acquired by Genesys on April 26, 2001, and Astound Incorporated, which was acquired on March 28, 2001. Increased call volumes and a strong shift towards automated services produced double-digit revenue growth and gross profit expansion. The company also announced that it had been awarded several significant new contracts that are expected to contribute to second-half growth.

#### Highlights:

- Conferencing services market remains healthy
- Call volumes surge 43.5% vs. pro forma Q2 2000
- Rapid adoption of automated services drives 26.4% revenue growth
- Gross profit up 29.3% from pro forma Q2 2000
- Significant new business wins around the globe

#### Summary Preliminary Unaudited Pro Forma Results (In million Euros, except margins)

	Three months ended <u>June 30,</u>		Six months ended <u>June 30,</u>	
	2001	2000	2001	2000
<b>Revenues</b>	<b>54.1</b>	<b>42.8</b>	<b>106.7</b>	<b>84.2</b>
<b>Gross Profit</b>	<b>30.0</b>	<b>23.2</b>	<b>59.6</b>	<b>44.50</b>
<b>Gross Margin</b>	<b>55.4%</b>	<b>54.2%</b>	<b>55.9%</b>	<b>52.9%</b>
<b>EBITDA</b>	<b>4.2</b>	<b>8.1</b>	<b>11.6</b>	<b>14.7</b>
<b>EBITDA Margin</b>	<b>7.8%</b>	<b>18.90%</b>	<b>10.9%</b>	<b>17.5%</b>

Preliminary unaudited pro forma Genesys, Vialog and Astound in French GAAP

Revenues rose 26.4 percent to Euros 54.1 million (U.S \$48.5 million) from Euros 42.8 million (U.S. \$38.4 million) from the second quarter 2000 on a 43.5 percent increase in call volumes. However, revenue growth was impacted by a significant shift to automated products, which carry higher margins but generate lower per-minute revenues, and the loss of British Telecom, (BT) which was a Vialog customer. Excluding the impact from BT, a large user of automated services, revenues should have increased 30.6 percent.

#### Power of Automation Drives Revenues, Gross Margin

"Our revenue growth was solid for the quarter," said Francois Legros, Genesys Conferencing's Chairman and Chief Executive Officer. "As BT is our largest competitor in Europe, we fully expected to lose this business after the Vialog acquisition closed. However, I am pleased to report that despite this loss, our revenue growth has accelerated in the second quarter, reflecting Genesys Conferencing's market-share wins. Moreover, improved pricing for all of our

audio services, combined with the rapidly increasing volumes of our automated services, where revenues were up 7.3 percent from the first quarter, easily offset the impact from BT.”

François Legros noted that fast-growing automated services now account for 33.0 percent of total revenues, attended and reserved unattended services contributed 56.5 percent, video services were 6.1 percent, and web and data, 3.4 percent. High-growth, high-margin automated services now account for 48 percent of total audio volume and 37 percent of total audio revenues, double the level in the second quarter of 2000. North America accounted for 69 percent of revenues, Europe, 28 percent, and Asia-Pacific, 3 percent.

Gross margin profit was up 29.3 percent from the second quarter last year, representing a 120-basis-point improvement. “The true benefit of the shift to automated services is evident in the strong gross-margin improvement from the comparable quarter last year. Our gross margin is growing faster than the rate of our revenues,” François Legros commented. He said that gross margins in the second quarter were up for all services from second quarter last year, except video. Moreover, the strong shift from attended services to automated services in the second quarter resulted in temporary overcapacity in the company’s call centers, where capacity adjustments represents a potential 350-basis-points future gross-margin improvement.

“We saw our customers migrate more quickly than anticipated from attended services to automated services,” François Legros said. “We had anticipated driving our automated services to 40 percent of total audio revenues by year end and have reached 37 percent by the end of second quarter, one quarter ahead of plans.”

#### **Steps to Enhance EBITDA Underway; Outlook Confirmed for 2001**

As the company expected, significant investments in the sales presence, and the integration of Astound into Genesys have also contributed to reduce both earnings before interest, taxes, depreciation and amortization (EBITDA) and the EBITDA margin from the 2000 second quarter and this year’s first quarter. EBITDA was Euros 4.2 million (U.S. \$3.8 million), generating an EBITDA margin of 7.8 percent.

“As expected, the integration of Astound, the expansion of our sales presence, and one-off marketing and positioning efforts in conjunction with the closing of the acquisitions were the primary cause of this temporary decline in EBITDA for the second quarter. Nevertheless, the temporary overcapacity in the call centers also contributed to the second-quarter EBITDA decline,” François Legros said.

Continuous attention to call-center capacity, and elimination of the second quarter’s one-off marketing and positioning expenses, together with continuous growth of automated services and the positive impact of the significant contracts won by Genesys during the second quarter, will drive strong EBITDA-margin improvements for the second half of the year.

“With about 30 percent to 40 percent of temporary employees in our call centers, which gives a very flexible cost structure, and tight control of our corporate expenses that remain below 11 percent of our revenues, we will continue to drive our cost base down,” noted François Legros. Moreover, we are on track to achieve our target of generating 40 percent of our audio revenues from automated services and 5 percent from web and data services by year end.”

François Legros confirmed that the company remains comfortable with current analysts’ expectations of Euros 200 million to 220 million in revenues and EBITDA margin in the range of 17 percent to 18 percent for the year.

#### **Significant New Business Wins to Contribute to Second-Half 2001**

In May, Genesys announced that it signed one of the largest-ever outsourcing contracts for conferencing services with a leading global and U.S. carrier. This customer is expected to ramp up from 500,000 minutes in June to over 7 million minutes in December.

Genesys also recently won significant new contracts, adding customers such as ST Microelectronics, Regus, Completel, and Viseon which will contribute to second-half 2001 results.

## **Second-Quarter Conference Webcast**

A replay of the second-quarter earnings webcast conference is available from [www.genesys.com](http://www.genesys.com). Genesys will report full second-quarter and first-half results on September 12, 2001, and hold its analyst meeting the same day in Paris, France.

### ***About Genesys Conferencing:***

Founded in 1986, Genesys Conferencing is the world's leading conferencing specialist: audio conferencing, data conferencing, video conferencing and webstreaming. Working in a rapidly growing market and enjoying unique worldwide coverage as a result of its geographic expansion policy, Genesys Conferencing has established its advanced technology in 16 countries throughout Europe, Asia Pacific and the United States.

Genesys Conferencing's ordinary shares are listed on the Nouveau Marché in Paris (Euronext: 3955) and its ADSs are listed on the Nasdaq National Stock Market (Nasdaq: GNSY). Genesys Conferencing's revenue has grown by 24 times, internally and through acquisitions, over the past five years. The company's average yearly revenue growth rate during that same time span was 89 percent. In 2000, Genesys Conferencing's revenue amounted to approximately U.S. \$85.3 million, up 95 percent from 1999, representing 305 million of conferencing minutes. Combined revenues of Genesys and Vialog for the full-year 2000 were US \$164.4 million.

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