



9 November 2004

Press release

Valtech profitable growth accelerates in Q3

Q3 2004 results

- Growth accelerates to 12.2%
- All countries contribute to an operating margin of 6.6%
- Profit after tax of 0.64 million euros*

OUTLOOK

Full year 2004

- Revenues to reach between 83 and 84 million euros
- EBITA to exceed 5% of revenues

2005

- Revenues to reach between 91 and 93 million euros
- EBITA to reach 6 to 7%
- EPS to reach 5 to 6 cents

"Our good performance during the third quarter is the result of an improved performance of our consulting business in Europe and North America. Our largest delivery center is now based in Bangalore (India) with a team of 426 employees, and Valtech is progressively benefiting from a greater exposure to the offshore market."

Jean-Yves Hardy
Chief Executive Officer

* before goodwill amortization

The income statement and balance sheet included in this press release have been produced by Valtech. These numbers have not been audited and certified by the auditors of Valtech.

Valtech Press Contacts:

Jean-Yves Hardy – Olivier Cavrel : +331 41 88 23 00
www.valtech.com

Q3 2004 RESULTS

- Growth accelerates to 12.2% (excluding currency changes)

A much stronger organic growth (+10.7%) combined with the consolidation of Majoris revenues as of 1 September 2004 has generated a healthy 12.2% growth in the third quarter (excluding currency changes).

All our growth has been concentrated in North America where revenues have jumped 49% (on the same perimeter as in 2003) due to the strong momentum of our offshore business and increased demand for technology consulting.

- All countries contribute to operating margin of 6.6%

USA – Accelerated growth with higher margins

33% of Valtech revenues

Valtech USA has delivered an excellent third quarter. The improvement of our operating margin is in line with our forecast at 13.9% of our revenues before corporate costs. The North American operation has become the largest market for Valtech in revenues in the third quarter. The revenues and charges of Majoris for the month for September have been combined with Valtech USA as more than 90% of Majoris customers are located in North America.

France – First indications of a market rebound

30% of Valtech revenues

Our French operation was breakeven in the third quarter, which is traditionally the weakest in terms of revenues. The revenues are down 6% compared with 2003, but the improvements in the fourth quarter should be significant as we see many indications of stronger activity on our markets.

Rest of Europe (UK+Scandinavia+Germany) – Strong profitability, stable revenues

37% of Valtech revenues

The performance of these four countries (United Kingdom, Germany, Denmark and Sweden) has been very positive in the third quarter with operating margins of 14.7% before corporate costs despite stable revenues compared with 2003.

Corporate costs

Corporate costs have reached 3.5% of Valtech revenues in the third quarter.

India

Valtech has signed a new office lease in Bangalore to increase the capacity of our Global Delivery Center to 600 seats. As at 30 September 2004, the Indian workforce was 426 people.

- Profit after tax and before goodwill of 0.6 million euros

Valtech Press Contacts:

Jean-Yves Hardy – Olivier Cavrel : +331 41 88 23 00
www.valtech.com

Our gross margin has increased significantly to 36.3% from 32.6% in 2003. The revenue growth is now the main driver for profitability improvement.

Sales and marketing costs have been stable at 6.6% of revenues.

General and administration costs (including corporate costs and depreciation) have decreased significantly at 23.1% of revenues versus 28.0% in the third quarter 2003. The main improvement for G&A costs has come from our Indian operations where infrastructure and administrative costs are much lower than in Europe or the USA.

These improvements have helped the EBITA to jump by more than 8 points from a negative 2.2% in 2003 to a positive 6.6% (or 1.3 million euros) in the third quarter of 2004.

Valtech has delivered 0.6 million euros of profit after tax (before goodwill amortization) in the third quarter of 2004.

- Cash and cash equivalents at 7.1 million euros

Days of sales outstanding have increased to 84 days in the third quarter from 72 days in 2003. The increase comes from the consolidation of Majoris. As at 30 September 2004, Valtech had a cash and cash equivalents position of 7.1 million euros, overdrafts of 2.4 million euros, and leasing commitments of 0.4 million euros.

As at 30 September 2004, Valtech had equity of 23.4 million euros including goodwill assets of 11.1 million euros related to its Indian, German and Danish activities. Financial debts have increased at 2.8 million euros due to debts taken over with the acquisition of Majoris.

OUTLOOK

Full year 2004

- Revenues to reach between 83 and 84 million euros

Valtech expects its revenue for the full year 2004 to range between 83 and 84 million euros. Organic growth (excluding currency changes) is expected to exceed 5% topping its previous guidance of 3 to 5%.

- EBITA to exceed 5% of revenues

We anticipate Valtech will deliver an EBITA of at least 5% for the full year 2004, in the high end of our initial forecast of 3 to 5%.

Valtech Press Contacts:

Jean-Yves Hardy – Olivier Cavrel : +331 41 88 23 00
www.valtech.com

2005

- Revenues to reach between 91 and 93 million euros

Most of the growth in 2005 is expected to come from our Global Delivery Center based in India. Our workforce in India should increase by 30% to reach 550 employees by the end of 2005.

Valtech expects its revenue for the full year 2005 to range between 91 and 93 million euros, an increase of at least 10%.

Due to our large exposure to the US market (one third of the revenues in 2005), a weakening US dollar could have a small negative impact on our revenues.

- Profitability

The increased share of our offshore business will translate into higher operating profitability in 2005. We anticipate Valtech to deliver an EBITA of 6% to 7% for the full year 2005. Profit after tax will increase twofold to represent 5 to 6 cents per share in 2005.

Valtech Press Contacts:

Jean-Yves Hardy – Olivier Cavrel : +331 41 88 23 00
www.valtech.com

Table 1 – Staff and utilization Q3 2004

Valtech key metrics by geographies	Employees	Billable	Non Billable	Utilization
France	226	181	45	78%
USA	171	141	30	89%
Rest of Europe	221	173	48	79%
India	426	388	38	90%
Valtech Group	1 044	883	161	86%

Table 2 – Income Statement

All numbers in euros	Q3-2004	Q3-2003
Revenues	20 007 139	18 025 658
Cost of services	12 735 571	12 142 448
Gross Margin in %	36.3%	32.6%
Gross margin	7 271 568	5 883 210
Sales & Marketing	1 316 241	1 223 406
	6.6%	6.8%
General & Administrative	3 553 973	3 755 414
	17.8%	20.8%
Corporate Costs	630 047	515 688
	3.1%	2.9%
EBITDA	1 771 307	388 702
	8.9%	2.2%
Depreciation	441 943	783 284
EBITA	1 329 364	-394 582
	6.6%	-2.2%
Financial costs	90 821	49 995
Exceptional costs	215 608	3 688 805
Income from JV/min interest	-238 664	-75 420
Profit before tax	784 271	-4 208 802
Profit after tax	570 316	-4 467 665
Goodwill depreciation	306 573	264 263
EPS before goodwill	0,01	-0,06

*Corporate costs excluding depreciation

Valtech Press Contacts:

Jean-Yves Hardy – Olivier Cavrel : +331 41 88 23 00
www.valtech.com

Table 3 – Balance sheet

Assets / Actif (in euros)	Q3-2004	Q3 – 2003
Goodwill / Survaleurs	11 110 210	6 770 892
Other intangible assets / Actifs incorporels	489 448	1 064 895
Tangible assets / Actifs corporels	4 130 592	4 735 578
Financial assets / Immobilisations financiers	6 371 205	7 843 414
Fixed assets / Actif immobilisé	22 101 455	20 414 779
Cash & Equivalents / Disponibilités & VMP	7 108 953	5 496 670
Accounts receivables / Créances clients	20 796 703	16 991 929
Other current assets / Autres créances	4 872 409	7 892 445
Current assets	32 778 065	30 381 044
Total	54 879 520	50 795 823

Equity & Liabilities (in euros)	Q3-2004	Q3 - 2003
Capital	1 190 335	1 143 108
Reserves / Primes d'émission et réserves	22 014 831	32 870 539
Result of period / Résultat de la période	306 818	-8 307 535
Equity / Capitaux propres	23 511 984	25 706 112
Interest Bearing Liabilities / Dettes financières	2 820 289	1 954 889
Other liabilities / Autres dettes	28 547 247	23 134 822
Liabilities / Dettes	31 367 536	25 089 711
Total	54 879 520	50 795 823

Table 4 – Valtech second quarter results by geographies

	Q3- 2004 Revenues	EBITA	%	Q3-2003 Revenues	EBITA	%
France	5 942 000	21 000	0.4%	6 329 000	-566 000	-8.9%
Rest of Europe	7 407 000	1 087 000	14.7%	7 389 000	440 000	6.0%
Rest of World	6 658 000	928 000	13.9%	4 308 000	319 000	7.4%
Corporate		-707 000	3.5%		-588 000	3.3%
Valtech Group	20 007 000	1 329 000	6.6%	18 026 000	-395 000	-2.2%

Valtech Press Contacts:

Jean-Yves Hardy – Olivier Cavrel : +331 41 88 23 00
www.valtech.com