

Sopra Group

2008 annual results presentation

Pierre Pasquier

I will begin by presenting the Group's achievements in 2008, and then provide some additional information, before turning to a discussion of the context in 2008–9, including our key priorities over this period and, to the extent possible, our outlook.

I will be handling the first part and the conclusion, while Dominique Illien will be commenting on our key priorities. Then together we will take your questions.

I. Achievements in 2008

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Sopra Group recorded total growth of 12.8% in 2008, with organic growth of 10.5%, including a good performance, all things considered, in the fourth quarter. The breakdown by division is identical to that in previous years. Management consulting, i.e. the business of Orga Consultants, saw revenue growth of only 2%, while Systems & Solutions Integration in France (SSI France), which remains our core business in the area of consulting and systems integration, grew by 14%. Revenue for SSI Europe increased by 2.6%, a performance which conceals very mixed results: 8.7% in Spain, 2% in the United Kingdom, and 8% in Italy. Our consulting business in Spain declined significantly over the year but the volumes involved are relatively low. Axway posted organic growth of 9.4%. SSI France and Axway are still the main drivers of growth.

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Revenue came to €1.129 billion. Staff costs, for employees and contractors taken together, increased by 12.5%, while operating expenses rose by 15.8%, although this rate is reduced to 11% if we exclude purchases for resale. Profit from recurring operations was €102.3 million, representing 9.1% of revenue, a performance identical to that in 2007. Operating profit came in at 8.8% of revenue and net profit was 5.2%.

The net cost of financial debt was nearly €10 million. The net financial expense was €3.3 million.

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Orga Consultants posted a margin of only 5.1%, down from 10.3% in 2007 due to a steeply declining utilisation rate over the last three or four months of the year. SSI France performed well, with revenue of €694 million and a margin of 8.9%, slightly higher than the previous year. SSI

Europe's margin was 8.3%, compared to 9.1% in 2007. Finally, Axway saw margin growth, achieving an improvement which brings the margin to nearly 12%.

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The simplified balance sheet shows total "economic assets" (including working capital requirements), of €466.5 million. At the year-end, equity amounted to €268 million and net financial debt was €198.2 million.

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At 31 December 2007, equity came to €248.8 million. Dividends paid and currency translation adjustments – mainly involving the pound sterling – are charged against equity. At current exchange rates, this same operation would entail an increase of €10 million, due to the appreciation of the US dollar. These differences therefore may have an impact in either direction.

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To return to the change in net debt, the Group began the year at €130.3 million. Cash from operations before changes in working capital was €108.4 million. The Group paid €29 million in income taxes. Changes in working capital requirements amounted to a decrease of € 2.8 million. Net cash flow from operating activities came to €763 million. Net cash used in traditional investment activities amounted to €12.3 million. Net interest paid was €10 million. Free cash flow thus amounted to €52.9 million, as against €30 million in 2007. The impact of changes in the scope of consolidation was a decrease of €101 million, while dividends paid amounted to €19.3 million. The total net change for the period was therefore a decrease of €67.2 million. Changes in the scope of consolidation mainly relate to the acquisition of Tumbleweed, but also to earn-outs paid in connection with the acquisition of PROFit in Spain two years ago.

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Basic earnings per share came to €4.98. The gearing ratio (net debt to equity) climbed to 74%. Banking covenants for the syndicated credit facility call for a gearing ratio of less than 100%. We anticipate that this ratio will improve, returning to the region of 50%. The leverage ratio (net debt to EBITDA) must be less than 3; it was 1.79. Lastly, the debt service coverage ratio (operating profit to net borrowing cost) must be greater than 5; it was 10. We are therefore fully in compliance with all covenants.

II. Additional information

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Our business segment and vertical market positioning has not really changed that much. Consulting still represents 12% of total revenue, comprising the business of Orga Consultants – our entity specialising in management consulting – and the Business Consulting unit of SSI France. It is important to point out that the average day rate for management consulting is €1,200 while it is €800 for business consulting. Fixed-price projects represent 14% of revenue, staffing 17%, application outsourcing 29%, and proprietary solutions 13%.

We generate 6% of Group revenue in the insurance vertical, compared to 24% for banking, 20% for manufacturing (EADS alone accounts for 5%), 18% for services, transport and utilities (including government agencies), 14% for the public sector, 12% for telecoms, and 6% for retail.

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Sopra Group recorded organic growth of 11% in the first quarter of 2008, 14% in the second, 11% in the third, and 8% in the fourth, corresponding to annual organic growth of 10.5%. In 2008, the Group generated 71% of total revenue in France, 24% in Europe excluding France, and 5% in the United States. Systems & Solutions Integration generated 77% of its revenue in France, as against 9% in Spain, 8% in the United Kingdom, and 6% in Italy. In 2008, Axway generated 39% of its revenue in France, 30% in the United States, and 30% in Europe excluding France.

Axway's total revenue figure breaks down as follows: 32% in services, 36% in licences, and 32% in maintenance. We anticipate a change in this breakdown for 2009, as maintenance is expected to account for a greater portion of revenue, which will be a good thing.

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The Group's workforce in France increased from 7,580 in 2007 to 8,210 in 2008. A total of 1,600 staff were hired over the course of the year, resulting in significant net growth. The total workforce for the Group as a whole also rose.

III. Context in 2008–9 and key priorities

1. Context in 2008

For 2008, the Group set itself the following objectives:

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- **organic growth outstripping the IT services market average**
This objective was achieved, as our growth topped 10%, a double-digit increase not seen since 1998–99.
- **operating margin improvement**
Although the operating margin did not improve, it was kept stable, which is certainly not so bad as all that, considering the environment at the end of the year.
- **confirm the relevance of our business model**
This objective was met. The Sopra Group business model is built on four main businesses, which are consulting, Axway, proprietary solutions and systems integration/application outsourcing.
- **further progress with our major transformation projects**

I now turn the floor over to Dominique Illien, Sopra's Managing Director, who will comment on our key priorities in 2008.

2. Key priorities

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Dominique Illien

We will continue work in 2009 on the major transformation projects we pursued in 2008, covering the following areas:

- industrialisation
- offerings and partnerships
- banking solutions
- consulting
- European subsidiaries

(slides 20 to 22)

In 2008, our work in the area of industrialisation involved considerable efforts focused on our Service Centres and on the concept of Global Project Management (how to manage international projects for clients, when some of the work is carried out at our Service Centres). This priority will also be addressed in 2009. We will also build on our achievements in 2008 with respect to the methods, tools and processes used by IT teams with further work in this area in 2009. Sopra has every intention of maintaining its competitive edge in its capacity to deliver. The system is based on a culture of Service Centres employing a third of the workforce, in the French provinces and in several European countries, but also offshore in India, focusing on R&D activities, client support and application outsourcing, the last a major growth driver in 2008 and going forward in 2009. These Service Centres allow us to meet the needs of our major clients, ensuring flexibility and rapid response times.

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Efforts focusing on our offerings, partnerships with software publishers, and our major client accounts also helped to deliver stronger growth in 2008. This growth is the result of gains made by our application outsourcing solutions, which require significant investments and the leveraging of considerable know-how. The main source of our internal growth – in the upper portion of the market – has been our major client accounts and they have been the focus of our marketing efforts. Our goal in 2009 is to use this same approach worldwide. This initiative has already begun to show results.

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Banking solutions – which account for 8% of our revenue – encompass four product lines: lending, payments, reporting and multi-channel banking. The client portfolio for these solutions remains strong despite the context of demand in the banking sector. The Group continues to foresee room for growth in 2009, particularly through its ability to sell a continuum of offerings around consulting and long-term support for the implementation of projects combining a product, integration services and application outsourcing. The Group has worked with leading banks. Solutions have been sold internationally, including maintenance agreements, often involving the

long-term use of offshore service centres. We will devote considerable resources to product R&D in 2009.

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In consulting – which accounts for 12% of revenue – Orga Consultants is without a doubt the business most affected by the economic slowdown but is holding firm and enjoys good short-term visibility. In February and March of 2009, our performance should once again reach satisfactory levels. Our Business Consulting entity does its part in moving the Group upmarket and forms a bridge in our offerings between management consulting and Sopra's traditional core business of major project implementation by providing business-specific, architecture and technology consulting. This entity has seen robust growth and will be a key driver of Group performance. Our immediate objective this year will be to offer a continuum, enabling clients to meet all of their service needs through Sopra. Our efforts will therefore concentrate on offerings and production capacity.

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With respect to our business in Europe, we remind you that the Group is present – in the area of systems integration – in the United Kingdom, Spain, Italy, Belgium and Switzerland. In 2008, these subsidiaries held up well despite a difficult market environment. Management teams were successfully moved towards a Sopra management culture. The integration of operational teams is being achieved gradually. Our success in expanding internationally depends on our ability to serve our major clients – generally based in France – on the local level. The idea is also to reap the benefits of greater industrialisation and to spread the word about our offerings. Given the current context, these businesses will be the focus of substantially tighter operational management.

3. Context in 2009

(slides 27 and 28)

Information technology is central to all the activities of our clients. Information systems are the mainstay of all their management processes. As a service provider and in comparison with previous crises, Sopra has a different approach to the structuring of its business. The recurring portion of our business has acquired greater prominence. Our production methods have been industrialised to a great extent. The Group benefits from increased flexibility in adjusting its operating expenses. Sopra therefore considers itself well equipped to weather any downturns. Owing to these advantages, even though the current crisis limits visibility and confidence, the Group's visibility is still greater than that seen in earlier crises, in the early 1990s and again in the first part of the current decade.

The market is buoyed by the mandatory nature of client investments, in response to changes in regulatory frameworks or deregulation, for example, which drives much of the demand, particularly in the banking vertical but also in the public sector, an area where the Group pursued expansion in 2008. Mergers and restructurings also give rise to necessary investments and encourage the rationalisation of information systems. Companies and organisations maintain a strong level of interest in transformation projects to enhance competitiveness and nurture innovation. The crisis has compelled clients to look for solutions making use of application outsourcing. Sectors that in the past were reluctant to enter into long-term client-supplier partnerships, requiring a certain level

of initial investment but positioned to create value in the future, are now pursuing this type of relationship. This is certainly true of the banking sector, which is expected to be a key driver of demand.

4. Axway update

(slides 29 to 31)

Pierre Pasquier

At the beginning of 2008, our ambition was to provide a state of the art service offering and a distribution system of the same level, and that has been achieved. Our offering has progressed thanks to in-house development and acquisitions. Our distribution system is now vertical whereas previously it was largely organised by country. As for acquisitions, the purchase of Tumbleweed in the US has been a success. We rapidly achieved the economies of scale we had been counting on and they amounted to \$9 million. The company quickly became integrated and profitable. In terms of targets for growth and margin improvement, the entity's growth has been in excess of 9% and its margin is close to 12%, representing a satisfactory performance.

Following the acquisition of Tumbleweed and on the basis of one dollar worth one euro, Axway now achieves 38% of its revenue in the US, 33% in France, 27% elsewhere in Europe and 2% in Asia. Maintenance amounted to 32% of total revenue in 2008 but now amounts to 37% given that half of Tumbleweed's revenue is maintenance-based. Services account for 27% of revenue and licences, 36%. The ideal business profile assumes a maintenance share of 45%.

IV. Outlook

(slides 32 to 34)

Our independent-company project continues. Our strategic positioning has been confirmed in terms both of businesses and of our vertical and geographical markets. However our target of €1.5 billion revenue in 2010 is now subject to the current economic crisis settling down, as far as its timing is concerned. Once the crisis is over, the landscape will no doubt have changed and opportunities will be there to seize.

2009 will be a difficult year with growth dependent on the economy as a whole. We shall track our operating margin very closely and are confident in our ability to make the adjustments that will be required. Back in September we began working on reducing costs and limiting our payroll.

That is the end of the presentation and we are now at your disposal to respond to your questions.

V. Questions and answers

Isalina Trocherie: Exane BNP Paribas

Can you say a few more words about your visibility for 2009 and in particular for the first quarter? What is your visibility for the year as a whole?

And what are the implications for the Group of the merger between Sopra Group and Sopra GMT requested by Caravelle?

Pierre Pasquier

Our visibility for 2009 is limited. The economic and financial crisis is a deep-seated. We expected a slump at the beginning of the year which did not materialise. But there has nevertheless been a certain amount of erosion. We shall not communicate any specific guidance but we anticipate some growth in France. Axway's business remains dependent on product sales so I don't want to be too specific in this respect either. Growth of our international operations will no doubt be harder.

It is difficult to quote a figure in response to your question. Like everyone else, we have adopted an attitude of observation. We are trying to manage the situation and adjust, month by month, to our market conditions. However in France and in January, we have continued to recruit. We have not stopped recruiting, we are simply more careful and there are also fewer resignations. Market demand is still there but it is subject to economic constraints. Like all companies, our focus is on achieving savings rather than spending.

As regards your second question, there are two shareholder agreements whose details have been publicly disclosed. The first involves Société Générale, Sopra GMT, François Odin and myself. It has not been modified. The second is an agreement internal to Sopra GMT, between Pierre Martel's company Caravelle, François Odin and myself, under which it was agreed, when Pierre Martel took an equity stake by purchasing shares from François Odin, that in 2009 any of us could request the merger of GMT and Sopra in which case the merger would be required to be performed in the course of the following year. We now find ourselves in this context since Pierre Martel has requested the merger to which we are not in the least opposed, even if this remained an option: on the contrary. We obviously gave thought to the sentence to before inserting it in the press release communicated to you. It stated that "we are seeking to identify the means of restabilising our shareholder structure" by continuing discussions among ourselves rather than raising new uncertainties during a period of economic crisis. I cannot yet provide you with the precise date of the merger which we nevertheless aim to communicate soon, at which time we will also give you an update on our shareholder agreements.

I think the merger was expected. Over the last two or three years, I've met a large number of analysts asking that question. This is the logical time for the merger given that Pierre Martel had a one-year window and has taken advantage of that opportunity. We expected his decision and it strikes us as the normal one.

Brice Thebaut: Aurel

I have several questions for you. The first relates to the strong correlation between economic growth or recession and expenditure on computer software and services. Assuming a 1.8% contraction of the economy in Europe and France, does a fall of 4 to 8% in expenditure on computer software and services strike you as being in line with past experience? And how do you expect to be positioned in terms of relative market performance?

Pierre Pasquier

The figures you quote are those of the moment but I observe that the figures quoted vary greatly over a period of three or four months. Nevertheless, the crisis we are confronted with is an economic one and not a crisis specific to our industry. This means that certain elements, such as outsourcing, will have a favourable effect whereas others will have the opposite effect.

I can't comment on the figures you quote. I think that we will do better than the market as a whole in France, but I still don't know if that will mean growth or recession for us. I just don't know. But France's weighting for Sopra's results as a whole means that the situation in France will impact the Group's growth overall. The second "heavyweight" is Axway. Without wanting to be imprudent in a context of such great uncertainty about product sales, let me say that Axway's annual goal is to "sign" 60 to 70 million euros of business and we are currently on track, even though our first priority is to protect our margins.

Brice Thebaut: Aurel

Your reply provides me with an excellent transition. What level of margin would you expect if there is a strong drop in your revenue of the order of -10%?

Pierre Pasquier

You'd like us to study that kind of scenario?

Brice Thebaut: Aurel

I would like to know what level of costs you will have for the revenue level you were quoting. What increase in costs do you expect assuming no change in your current group structure?

Pierre Pasquier

Costs include our payroll. You will have noted from the figures we have communicated to you that we have made a significant number of recruitments. Last October, we decided to freeze our remuneration in January 2009 with the exception of the lowest salaries. In January, our overall cost of remuneration will thus have risen by about 0.6% and the increase of 2 to 3% originally planned has been delayed until July. We shall re-examine the situation during the second quarter.

We have quite significant flexibility as regards our overheads so hope to be able to make savings.

But we have also changed our approach to management. We have already experienced a certain number of crises and we know that when a new crisis arises a new management structure is required. So we shall be more careful and more practical in managing our workforce, downtime between contracts etc. We have continued recruiting but are being more careful. Our overriding objective is to obtain the best margin we can. To date, our margins have been satisfactory and there are not so many players in the market that can boast of 9%. I think that Sopra will overcome the crisis but the way it may unfold remains uncertain and we simply hope that it will be over as rapidly as possible.

We can say quite clearly that there had been no impact on our business prior to 15 September 2008. I believe that the failure of Lehman Brothers marked a turning-point in the crisis since that was when the crisis spilled over from the business community to the public as a whole. The failure of Lehman Brothers was critical despite the fact that we were not one of their suppliers and so have not been directly impacted by the failure.

Brice Thebaut: Aurel

I should like to ask you about your client payment periods. Have you noted any delays in client payments, adjustments in invoicing arrangements etc? You have succeeded in managing your levels of receivables in 2008: what trend do you anticipate in 2009?

Dominique Illien

You're right: we have observed a negative trend in our working capital requirement during two years of strong growth. This has been an excellent operating performance albeit we had the benefit of significant scope for improvement which we are continuing to work on. In France, we should be helped in that respect by the new legal requirements governing customer credit. But we attach ever greater importance to improving our internal processes, and to our motivation and professionalism, as a means of continuing to reduce our credit periods, which in our case are not just collection periods but encompass the whole time-span between production and payment, so we need to think as well for example about our contractual arrangements in particular as regards maintenance which is currently invoiced for the year as a whole. We need to improve a whole series of detailed processes and mechanisms.

Brice Thebaut: Aurel

Can you remind us of the weighting of your ten biggest clients in your revenue? I seem to remember that one of your options for 2009 was to reinforce your presence with your major customers.

Pierre Pasquier

Our strategy has always been the same and focused on major clients. At present EADS is our number one client, followed by France Telecom and our banking segment clients. Revenue from our major clients continues to show an upward rather than downward trend, however I don't have the precise data for our ten biggest clients to hand.

Dominique Illien

Our ten biggest customers represent a little more than 30% of our revenue.

Brice Thebaut: Aurel

Can you give us figures for the gains you have quoted?

Dominique Illien

We don't publish the figures you're asking for. Let me just say that the increase in revenue from our ten biggest customers is significantly in excess of our total growth.

Brice Thebaut: Aurel

Thank you.

Pierre PASQUIER

Do you have any other questions?

From the floor

I'd like to ask two questions.

To begin with, can you give us some more information about your consulting business which appears to have dropped steeply at the end of the year even though it now appears to have regained a firmer footing? In particular, can you give us information about utilisation rates and pricing?

My second question is more technical. It relates to your tax rate, lower in 2009 than last year. What level do you expect next year?

Pierre PASQUIER

I'll leave Dominique Illien to reply to the question about consulting.

Dominique ILLIEN

Our consulting activity clearly slowed down at the end of the year. There was a lot of competition in the banking sector. Of course, I'm talking about management consulting (4% of revenue) and not about technology consulting which continued to achieve significant growth.

We have striven to implement a certain number of strategies. We notably developed within the manufacturing sector and more generally, within non-banking activities (the public sector, services and manufacturing), and this has partially offset the lost business elsewhere. We have also seen a recent surge in banking demand, which has improved our utilisation rates, as a result of bank mergers whether between different groups or within groups. This banking demand has not involved major contracts, so we're talking not about multi-million euro contracts but of more modest sums, but the tactical capability of our teams has nevertheless generated some improvement in February and March even if we still only have short-term visibility.

Pierre PASQUIER

As regards your second question, the Group's tax charge amounted to 25.2 million euros in 2007 and 28.3 million euros in 2008. At present, our objective is to complete the separation of Axway and Sopra, which need to be autonomous and independent because Axway's business model is not the same. We shall provide Axway with the functions it requires and we are reviewing the Group's legal structuring in this respect. We know too that we have very significant US-based tax carry-forwards that can translate into deferred tax assets. We shall have better visibility in this area in a few months' time once certain decisions have been taken.

Do you have any other questions?

Jean-François Delcaire: BNP Paribas

I should like to ask you about acquisitions. I haven't understood if you are currently looking at opportunities or if you prefer to wait for the crisis to be over.

Pierre Pasquier

We are waiting for the end of the crisis.

Jean-François Delcaire: BNP Paribas

Do you have adequate borrowing facilities?

Pierre Pasquier

Our facilities, which include a €132 million syndicated loan, repayment of which does not start until 2013 and overdraft facilities are such that we have the scope to draw down €350 million in 2009. We have recently used €198 million so we still have a lot of scope for manoeuvre. However in the present context acquisitions are not the priority. Any purchase would have to be at negligible cost and of great strategic value. Such opportunities have become rare.

But as the crisis draws to a close the landscape will probably change, so we shall remain alert to any opportunities.

Isalina Trocherie: Exane BNP Paribas

Can you tell us about your dividend policy for next year?

Pierre Pasquier

No. It's too far away. But our policy has always been to pay dividends and I see no reason to change our policy. Nevertheless, if you want a precise answer I can't give you one. This year, after much hesitation, we have maintained a payout level of €1.65 per share, a token of a certain level of confidence. Next year, if our results prove satisfactory, we shall certainly pay a dividend but I think it is premature to try to be more specific at this stage.

Michael Beucher: CA Chevreux

Have you planned any restructuring in 2009?

Pierre Pasquier

We shall take our decisions based on the trends in the economic environment.

What do you include within the term "restructuring"? Organisations always change from one year to the next.

Michael Beucher: CA Chevreux

Traditionally, Sopra has carried out very few exceptional restructuring projects. In the current environment, may there be any amplification of your restructuring policy? Do you have any specific restructuring initiatives planned for 2009?

Pierre Pasquier

No. And you will note that we have not budgeted for any exceptional restructuring expense within our overall total of €2 million of exceptional expense. But if the economic crisis were to worsen significantly in three months' time, I can't say how our policy in this area might have to evolve. However we currently have no plans for exceptional restructuring projects.

Michael Beucher: CA Chevreux

My second question relates to your UK subsidiary.

Pierre Pasquier

The UK subsidiary has been hard hit by the difficulties of Royal Bank of Scotland, Barclays and Northern Rock. However the start of 2009 has been a satisfactory one. What was our performance in 2008?

Dominique Illien

Our UK revenue was up by 2% like for like and operating profit was at about 5%. I know plenty of other UK players in the sector who would be envious of such figures.

Michael Beucher: CA Chevreux

Has there been a significant drop in employee turnover between the end of 2008 and January 2009?

Pierre Pasquier

Our employee turnover has dropped during November, December and January, falling from 11% to about 7%. But for the time being this is just a trend and it will take more time to see whether the movement is a lasting one.

From the floor

Can you tell us about your shareholding structure?

Pierre Pasquier

There was a shareholders' agreement that prohibited François Odin, Pierre Martel and myself from acquiring more than 2% of the share capital in any one year. That limit has been respected with Pierre Martel taking up most of the 2%. We kept each other informed. José Sancho bought as well and then bought a lot more to reduce his average cost. As the market price was very low it was tempting to buy.

Grégory Ramirez: Bryan Garnier

Spain has achieved an excellent performance. Is there a particular explanation for your upward trend which runs counter to the Spanish IT services market as a whole? Could you also comment on your performance in Benelux?

Pierre Pasquier

Sopra had already made acquisitions and experienced an economic crisis in Spain during 2003 and 2004. At the time, we performed extremely well both in Barcelona and with our database management operation located in Madrid. When we bought PROFit, a company which had excellent margins, we achieved an economic super-performance. At the moment, the Spanish market is contracting rapidly but our budget remains a satisfactory one, the achievement of which will however depend on our day to day efforts to remain resilient within a difficult market. We remain optimistic about our margins in Spain.

Dominique Illien

In contrast, in Luxembourg we're down a million euros in revenue and in Belgium €10 million in revenue. We don't have a presence in the Netherlands. But those results are not very significant given the scale of our presence in Benelux. We can't say more about the market or our market positions.

Grégory Ramirez: Bryan Garnier

I noted a difficulty with your Belgian banking revenue during the first half of the year.

Pierre Pasquier

That was the result of the acquisition of BAI that is essentially a banking specialist. BAI lost a major contract during the first half of the year as a result of the economic crisis. But for the year as a whole, BAI's operating margin is almost at the same level as Sopra's so we have managed to remedy the problem.

From the floor

Please can you communicate the level of Tumbleweed's contribution to Axway's results for the four months of the year during which these entities were affiliated? Also, is it reasonable to assume a 10% like for like growth rate for maintenance excluding Axway given licence sales trends in 2008?

Pierre Pasquier

Tumbleweed's contribution to the margin was slightly higher than Axway's margin.

From the floor

What is the corresponding level of revenue for that four-month period?

Pierre Pasquier

The results were exactly in line with expectations: 21 or 22 million dollars. The contribution to the margin proved to be slightly higher, although it did not weigh on Axway's percentage margin.

With regard to maintenance, we are forecasting growth given Tumbleweed's full-year presence in 2009. Maintenance activities account for half of Tumbleweed's revenue.

From the floor

What is the growth rate of maintenance at Axway excluding Tumbleweed?

Pierre Pasquier

It is not very high. It is even not high enough as far as I'm concerned. However, we are making a number of plans, which I'm not going to elucidate at this stage, to sell activities based around maintenance, following the model of the major software houses such as SAP and Oracle, without necessarily increasing prices, but by offering new maintenance possibilities (24-hour a day, 7-day a week services, etc.). Work on maintenance for a software house is the result of an extensive thought process.

Would you like to ask a last question?

From the floor

You have a lot of goodwill. Can you break it down? What components may be hit by impairment?

Pierre Pasquier

Axway accounts for €156 million of our goodwill, France for €55 million (no problem there), the UK for €49 million and Spain for €80 million. The situation might change in the event of an economic crash in one country or another, but to date we have not identified any impairment and there is not much more that I can say. Axway's value cannot be contested and supports the €156 million of goodwill. We don't have any new acquisitions planned, but we do intend to continue to grow and improve our margins. The company has undeniable value. Indeed, there have always been candidates to buy it, and there still are now, but it is not for sale.

Pierre Pasquier

Thank you for attending this meeting.