



*Press Release*  
*2<sup>nd</sup> December 2004*

## 2003/2004 full year results:

**Positive net income : €0.5 M**  
**EBITA organic growth : + 27 %**  
**Signicative reduction in net debt : -36 %**

The board of directors of the A NOVO Group approved the consolidated financial statements in its meeting, chaired by Richard SEURAT on December 1<sup>st</sup>, 2004.

### Income Statement :

#### Turnover

An already announced on November 10, 2004, the group's turnover for fiscal year 2003/2004 amounted to €392 M. The impact of foreign exchange difference was (€-3.2M) for the full year. This turnover includes Carte et Services for € 69.9 M and Screen Manufacturing in Italy for €20.6 M. Those two activities have been divested and do not form part of the Group from October 2004. The remaining activities turnover was €301.5 M.

#### Operating Income

Operating income amounted to €10.6 M or 2.7 % of turnover (€8.4 M in 2003/2004).

The operating income was impacted by two specific events during this fiscal year :

- The start up costs of the new Dallas Fort Worth site (USA), which enabled A NOVO to create a new growth platform in the USA. This site is now experiencing profitable growth for major customers such as VERIZON, SAMSUNG, LG, KYOCERA and ASURION.
- A drop in the phone manufacturing activity in Malaga (Spain) as a consequence of delay in product launching and unavailability of parts This site is currently under restructuring and should be spun off in the coming 18 months.

Excluding those two impacts, the operating income on other activities was €19.7 M (5.8 % of turnover).

The disposed activities contributed €2.9 M to this operating income.

## Analysis by business lines and geography.

The operating income can be split as follows :

M€	North Région *	South Région **	Carte et services	Total
Multimédia	5.8	7.1	3.8	16.7
Télécommunication	(6.6)	0.5	—	(6.1)
<b>TOTAL</b>	<b>(0.8)</b>	<b>7.6</b>	<b>3.8</b>	<b>10.6</b>

(\*) UK, USA, Nordic countries

(\*\*) France (y.c. Bénélux et Pologne), Italy, Spain.

The EBIT margin of **Multimedia North** reflects the good progress of videocommunication and start up of flat panel display activity in the UK. In the **South region**, the EBIT margin was inline with forecast.

In **Telecommunications**, the EBIT margin was affected by the losses in the manufacturing activity in Malaga and start-up costs of the new Fort Worth site (USA). Excluding those impacts, the margin improved significantly due to the increase of services activities for Operators.

## Financial income :

In parallel to the debt reduction, net financial interest decreased to €6.3 M compared to €8.2 M (last financial year).

## Income before tax amortisation and exceptional items.

As a result, the income before tax, amortisation and exceptional items amounted to €4.0 M.

## Net exceptional income

The net exceptional profit was €6.4 M

Its major components are :

- €6.8 M profit on the sale of Carte et Services
- Accelerated depreciation of assets linked to the manufacturing activity in Malaga = €-7.3 M
- Restructuring in UK (including the deficit of the closed pension fund) €-3,7 M
- Other profit or losses linked to the sale or closure of activities (Argentina, Finland) €-4 M
- Profit on the sale of Saronno building : €4.6 M

## **Tax**

Tax was €-1.7M.

## **Goodwill amortisation**

On top of normal amortisation, the Group is running an impairment test based on future cash flows projections by business line and region. Taking into account the impact of divested activities on goodwill amortisation (€2.6 M), this impairment test required an accelerated amortisation of the Swiss consumer telecom goodwill for €0.7 M.

As a consequence, total goodwill amortisation amounted to €8 M. It includes the Carte et Services goodwill amortisation for €0,4 M.

## **Net income**

Net income for the year is a profit of €0,9 M. Taking into account minority interests, the Group share of net profit reached €0.5 M (compared to €-67.3 M last year)

## **Cash flow statement**

Cash flows from operations continued to increase from €(4.7) M in 2001/2002, to €6.8 M in 2002/2003 and €9.6 M in 2003/2004. The change in Working Capital requirement showed a positive figure of €14.0 M for the year.

As a result, the whole year operations generated €23.6 M.

Cash flows from investments come to €11.7 M as the sale of assets (€+19.4 M) more than compensated for capital expenditures (€-6.8 M) and guaranteed cash deposit (€-2.0 M) booked as financial assets.

The proceeds from the maturing 30 September 2004 warrants (allocated during the financial restructuring) amounted to €6.3 M during the fiscal year. €3,1 M, fully exercised on September 30, 2004 were only cashed in October and will be reflected in the 2003/2004 cash flow statement.

Debt repayment amounted to €30.2 M.

As a consequence, net cash flow for the year was €11.2 M.

Including available credit lines, the total cash available is €43 M (excluding equity line)

## **Financial position**

The net income, the cash flow generated, the warrant exercise and the sale of Carte et Services allowed the Group to continue to improve its financial position :

- Shareholders equity reached €38.0 M
- Net financial debt decreased significantly from €123.8 M to €79.6 M. The debt to equity ratio reached 2.1 compared to 4.5 last year.
- Total goodwill decreased from €76.2 M to €63.1 M.
- Working capital requirement amounted to €12.6 M, compared with €24.4 M end of last year on the same basis.

## **Outlook and strategy.**

The major strategic axes developed last financial year remain valid :

### **Divest from non core activities**

- Carte et services was disposed of on September 15, 2004.
- The screen manufacturing activity is sold on 1st of October 2004.
- The group decided the spin off of the telephones assembly activity in Malaga (Spain), representing a turnover of € 35 M in 2003/2004. This turnover should decrease to 20 M€ in 2004/2005. This will close the non core activity disposal program.

### **Reposition mobile phones offering**

The development of value added services for Operators / Retailers started to bear fruit. The share of turnover made with Operators or Retailers (as opposed to manufacturers) reached 60 % of telecommunications turnover (compared to 52 % last fiscal year).

### **Maintain position in multimedia.**

The renewal of major contracts (Canal +, Sky Italia, Fujitsu Siemens, HP) is comforting our European leadership. The new Television offering -ADSL, Terrestrial Digital TV- will enable a growth in this market.

### **Develop new markets :**

- Flat screens  
Our European offerings being put in place after the signature of a number of European contracts (Neovia, Thomson TCL, Philips). The creation of a European Centre of Excellence, equipped with a clean room will allow LCD and Plasma panel's repair.
- Infrastructure and networks  
The signature, with a major manufacturer, of a contract of 3<sup>rd</sup> generation GSM infrastructure, together with the transfer of testing equipment gives us an entry point to this growing market.

Total group turnover for 2004/2005 is estimated at € 325 M-an 8% growth, for a 5% EBIT margin. Those forecasts, although depending on the sector economic environment are based on an annualised backlog of €295 M.

## Shareholding

The Group was informed of the following increase in holdings :

- Parvus Asset Management announced that they were holding 7.3 % of the shares.
- Cycladic Capital announced that they were holding 5.3 % of the shares.
- D. Auzan announced that he is holding 5.1 % of the shares.
- Financière Dentressangle announced that they were holding 5.1 % of the shares.

In total, these identified shareholders represent more than 23 % of the shares and declared that their holding were purely financial.

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### Note:

*Some of the information in this press release is based on forecasts regarding future performance or events. This information is subject to a number of risks/factors that could make the actual results differ significantly from those forecast. These risks/factors include market developments, competition, customer service requirements, technical innovation that makes our services obsolete or unsuitable, available finance, sufficient capacity to manage growth/change and general market/economic conditions. Provisional documents are by their nature based on assumptions, estimates and uncertain data. No assurance can be given that the expected results will be achieved. Future results may differ significantly from those anticipated.*


**A NOVO** is totally focussed on its two main business segments - Telecommunication (consumer and infrastructure) and Multimedia (IT and video) - in line with its industrial policy built around major European and American Centres of Excellence, capable of handling large volumes while providing high level of value added services for global clients.

In April 2003, A NOVO launched "**Genesis**", a wide-ranging programme for mobilising internal resources, the motive power for the new corporate strategy, based on organic profit growth.

### Contact:

Mireille Arvier  
Group CFO  
Tel.: +33 (0)1 58 17 00 72  
[www.a-novo.com](http://www.a-novo.com)  
ESIN Codes : FR0004152593 (shares),  
FR0000181174 (OCÉANE convertible bonds),  
FR0000341174 (ABSA)  
Bloomberg Code: NOVO FP ; Reuters Code : ANOV.LN

### Press officer:

  
Tel.: + 33 (0)1 41 10 42 90  
Frédérique Boyer  
[fboyer@bermudes-rp.com](mailto:fboyer@bermudes-rp.com)  
Fabrice Bidault  
[fbidault@bermudes-rp.com](mailto:fbidault@bermudes-rp.com)

Appendix : audited consolidated accounts

# A NOVO

## Consolidated accounts - income statement

(in '000 €)	09/2004 12 months	09/2003 12 months	09/2002 12 months
<b>Turnover</b>	392 043	387 761	462 789
<b>Operating income</b>	10 617	8 377	25 047
<b>Financial income</b>	(6 605)	11 654	(29 724)
<b>Consolidated income before tax and non recurring result</b>	4 012	20 031	(4 677)
<b>Non recurring income/ (charges)</b>	6 435	(17 226)	(39 472)
Income tax	(1 692)	4 118	(11 764)
<b>Net income from consolidated companies</b>	8 755	6 923	(55 913)
<b>Group share in the net income of transferred companies</b>		(31 733)	
Income from companies consolidated under the net equity method	150	(8)	(50)
Goodwill amortization	(8 038)	(42 937)	(59 391)
<b>Net income of the consolidated group</b>	867	(67 755)	(115 354)
Net income - minorities interest	411	(413)	(1 329)
<b>Net income - Group share</b>	456	(67 342)	(114 025)

## Consolidated accounts - balance sheet

Assets (in '000 €)	09/2004	09/2003	09/2002
<b>Fixed assets</b>	114 177	157 110	236 987
<b>Current assets</b>	94 912	135 350	162 100
<b>Deferred expenses</b>	21 876	10 650	12 687
<b>Total Assets</b>	230 965	303 110	411 774

Liabilities (in '000 €)	09/2004	09/2003	09/2002
<b>Group Shareholders' equity</b>	36 785	26 724	11 368
<b>Minority interests</b>	1 185	1 718	10 092
<b>Provisions for risks and charges</b>	12 363	14 440	31 058
<b>Borrowings and financial debt</b>	101 436	134 412	212 030
<b>Operating and other debts</b>	79 196	125 816	147 226
<b>Total Liabilities</b>	230 965	303 110	411 774

## Consolidated Cash flow statement

(in '000 €)	09/2004 12 months	09/2003 12 months	09/2002 12 months
<b>Net income of the consolidated group</b>	866	(67 756)	(115 354)
<b>Cash flow</b>	9 607	6 791	(4 672)
<b>Operating cash flow</b>	23 612	20 147	25 552
<b>Cash flow allocated to investment</b>	11 651	(31 966)	(56 406)
<b>Cash flow allocated to financing</b>	(24 032)	10 207	18 046
Effect of foreign currency variations	15	(262)	244
<b>Net cash flow</b>	11 246	(1 874)	(12 564)
Closing cash situation	21 767	10 521	12 395
Opening cash situation	10 521	12 395	24 959
<b>Net cash flow</b>	11 246	(1 874)	(12 564)