



Press release  
May 26<sup>th</sup> 2005

## First-Half 2004/2005 Results and Outlook

### First-Half 2004/2005 results

The First-Half 2004/2005 results confirm the Group's turnaround. The backlog development sustains the profitable organic growth.

The **operating income** was €3.7M (2.5% of turnover) despite of the loss of a Multimedia Business contract and the impact of the Assembly activity in Spain. **EBITDA** amounted to €8.9M. Excluding the Assembly activity in Malaga, the operating income was €5.9M, 4.4% of turnover.

After taking into account financial costs (-€1.8M), income taxes (+€1.2M including €2.2M of deferred taxes for the French Company, based on the Group's recovery), amortization (-€2.1M), and exceptional loss (-€0.6M), **net income** was lightly positive (+€0.3M).

Cash flow, in spite of exceptional costs of €3.5M during the First-Half and operating losses of the Malaga Assembly activity of €2.2M, amounted to €2M. The change of Working Capital Requirement (-€8.5M) comes primarily from the impact of terminating the Assembly activity in Italy at the beginning of October, disposed to FIMI (-€3M) and to the change of financing conditions concerning the Malaga Assembly activity (-€2.9M). This change of Working Capital Requirement has been financed using the existing credit facilities, while continuing to pay back the restructured debt.

### Development of activities

As already indicated, the restructuring plan for the Assembly activity in Malaga has been submitted in May. This enables A NOVO to focus on developing its Service Offering in Spain (+18% expected during the fiscal year).

In addition, in the **Telecommunications Business**, the restructuring operations carried out in Europe and the profitable growth in the USA made it possible to transform the operating income of this activity in the Northern Region from a loss of -€2.8M during the First-Half of 2003/2004 into a profit of €2.5M (5.0% of turnover) during the First-Half 2004/2005.

In the **Multimedia Business**, recently signed contracts, in particular for Information Technology and Flat Screens, are quickly producing results and should lead to a break-even performance during the fourth quarter of the fiscal year, with an expected volume growth of more than 20%. Start up costs of -€1.9M impacted the First-Half.

## Operating income by segment:

In €M	First-Half 2003/2004			First-Half 2004/2005		
	Southern Region	Northern Region	Total	Southern Region	Northern Region	Total
Multimedia	+4.5	+3.8	+8.3	+3.8	-0.5	+3.3
Telecommunications	+1.0	-2.8	-1.8	+0.1	+2.5	+2.6
<b>Total « Core » Businesses*</b>	<b>+5.5</b>	<b>+1.0</b>	<b>+6.5</b>	<b>+3.9</b>	<b>+2.0</b>	<b>+5.9</b>
Assembly			+0.2			-2.2
<b>Total*</b>			<b>+6.7</b>			<b>+3.7</b>

\* proforma after disposal of activities

## Outlook

The First-Half was characterized by strong sales activity which made it possible to A NOVO to build-up its annualized backlog (+8.6% since 30/09) to €302M.

Consequently, the Group anticipates for its Core Businesses (excluding Malaga Assembly activity) a turnover for the fiscal year ranging between €280M and €285M, with an operating income of €14M to €16M. In case of necessity to arbitrate between growing activities, in line with the Group's growth strategy to improve profit and cash-flow, priority will be given to earnings rather than to a growth in turnover.

Finally, resolution of operational problems, dynamics of the market and our backlog allow us to anticipate a turnover growth of 5% to 10% for 2005/2006 with an operating profit between 6% and 7%.

## Annexes

- Consolidated accounts - Income statement
- Consolidated accounts - Balance sheet
- Consolidated Cash flow statement

### 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 forecasts. 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.

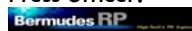
With a turnover of €301.5M and 4,700 employees, A NOVO is totally focussed on its two main business segments - Telecommunications (consumer and infrastructure) and Multimedia (IT and video) - in line with its industrial policy built around major European and American Centres of Excellence, capable of 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.

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## Annexes

### Consolidated accounts - Income statement

(in '000 €)	03/2005 6 months	03/2004 6 mois proforma excl.disposal	03/2004 6 months
<b>Turnover</b>	<b>149 553</b>	<b>162 265</b>	<b>207 679</b>
Cost of sales	(121 352)	(132 488)	(168 270)
Gross Margin	28 201	29 777	39 409
Sales & General and Administration	(24 514)	(23 034)	(31 808)
<b>Operating income</b>	<b>3 687</b>	<b>6 743</b>	<b>7 601</b>
<b>Financial income</b>	<b>(1 796)</b>		<b>(3 400)</b>
<b>Consolidated income before tax and non recurring result</b>	<b>1 891</b>		<b>4 201</b>
<b>Non recurring income/ (charges)</b>	<b>(613)</b>		<b>489</b>
Income tax	1 170		(1 142)
<b>Net income from consolidated companies</b>	<b>2 448</b>		<b>3 548</b>
Goodwill amortization	(2 072)		(2 990)
<b>Net income - Group share</b>	<b>293</b>		<b>595</b>

### Consolidated accounts - Balance sheet

Assets (in '000 €)	03/2005	09/2004
<b>Fixed assets</b>	<b>109 577</b>	<b>114 177</b>
<b>Current assets</b>	<b>96 734</b>	<b>94 912</b>
<b>Deferred expenses</b>	<b>9 341</b>	<b>21 876</b>
<b>Total Assets</b>	<b>215 652</b>	<b>230 965</b>
<b>Liabilities (in '000 €)</b>	<b>03/2005</b>	<b>09/2004</b>
<b>Group Shareholders' equity</b>	<b>37 721</b>	<b>36 785</b>
<b>Minority interests</b>	<b>605</b>	<b>1 185</b>
<b>Provisions for risks and charges</b>	<b>6 459</b>	<b>12 363</b>
<b>Borrowings and financial debt</b>	<b>93 399</b>	<b>101 436</b>
<b>Operating and other debts</b>	<b>77 468</b>	<b>79 196</b>
<b>Total Liabilities</b>	<b>215 652</b>	<b>230 965</b>

### Consolidated Cash flow statement

(in '000 €)	03/2005 6 months	09/2004 12 months
<b>Net income of the consolidated group</b>	<b>451</b>	<b>866</b>
<b>Cash flow</b>	<b>1 978</b>	<b>9 607</b>
<b>Operating cash flow</b>	<b>(6 577)</b>	<b>23 612</b>
<b>Cash flow allocated to investment</b>	<b>(1 888)</b>	<b>11 651</b>
<b>Cash flow allocated to financing</b>	<b>(4 154)</b>	<b>(24 032)</b>
Effect of foreign currency variations	(14)	15
<b>Net cash flow</b>	<b>(12 633)</b>	<b>11 246</b>
Closing cash situation	9 134	21 767
Opening cash situation	21 767	10 521
<b>Net cash flow</b>	<b>(12 633)</b>	<b>11 246</b>