

## PRESS RELEASE

**FIRST-HALF 2009 RESULTS**

**Revenue: €45.274 million**  
**Operating income: €0.536 million**

**Slight growth in business levels, firm operating margin**  
**Increased financial resources**

Paris, 8 October 2009

Demos, one of Europe's leading players in continuing education, today announces French GAAP consolidated results for the first half of 2009.

Simplified income statement

| <i>In thousands of euros</i>                                     | <b>H1 2009</b> | <b>H1 2008</b> |
|--|----------------|----------------|
| <b>Revenue</b>   | 45,274         | 43,690         |
| Other operating items  | 973            | 510            |
| Purchases and change in inventories                              | - 2,003        | - 1,925        |
| Other external expenses  | - 22,291       | - 21,439       |
| Personnel costs  | - 19,471       | - 15,914       |
| Other operating costs  | - 323          | - 938          |
| Taxes  | - 545          | - 466          |
| Net change in depreciation, amortisation and impairment          | - 1,078        | - 1,025        |
| <b>Operating income</b>  | 536            | 2,494          |
| <b>Income from ordinary activities of consolidated companies</b> | 80             | 2,434          |
| <b>Net income from consolidated companies</b>                    | - 472          | 1,666          |
| <b>Net income, group share</b>                                   | - 1,409        | 1,058          |

**First-half revenue**

Consolidated revenue for the first six months of 2009 totalled €45.274 million, up from €43.690 million in the year-earlier period. This 3.6% increase came despite significant difficulties in traditional market segments in certain territories like Spain and Portugal.

The breakdown of consolidated revenue by business area shows that Demos broadly maintained its positions in all market segments relative to the first half of 2008. Among Demos' established business areas, revenue from tailor-made training courses was up 12.5% year-on-year, with strong performances in countries including the USA and Morocco. Business volumes in open training courses, however, fell by 10.7% relative to the year-earlier period, which was an

exceptionally growing by 24% period for this segment. The decline was mainly due to a substantial drop in business levels in Spain, Portugal and the UK.

However, business volumes grew strongly in Demos' other segments, which show firm growth potential and will provide a major boost to growth in the next few months.

- International public institutions, which accounted for 6% of revenue in H1 2009, grew by 79%.
- Consultancy and outsourcing accounted for 5.6% of revenue during the period. There was strong growth in outsourcing contracts with large international corporations, and in public-sector consultancy in various countries.

Revenue from the e-learning business was up slightly, and this segment accounted for around 11% of consolidated revenue. In a maturing e-learning market, Demos has a strategic cross-discipline business that enhances its offering and makes it even more accessible to the largest number of people.

Revenue by business line was as follows:

| <i>Business line</i>  | <i>% of H1 2009 revenue</i> | <i>% of H1 2008 revenue</i> |
|---|-----------------------------|-----------------------------|
| Open training courses<br><i>as a % of total revenue</i>             | 17,221<br>38.04%            | 19,294<br>44.16%            |
| Tailor-made training courses<br><i>as a % of total revenue</i>      | 15,462<br>34.15%            | 13,738<br>31.44%            |
| E-learning<br><i>as a % of total revenue</i>                        | 4,865<br>10.75%             | 4,644<br>10.63%             |
| International public institutions<br><i>as a % of total revenue</i> | 2,720<br>6.00%              | 1,517<br>3.47%              |
| Consultancy and outsourcing<br><i>as a % of total revenue</i>       | 2,541<br>5.61%              | 1,847<br>4.23%              |
| Other<br><i>as a % of total revenue</i>                             | 2,464<br>5.45%              | 2,650<br>6.06%              |

The breakdown of sales by geographical zone shows an increasing proportion of business coming from outside France, i.e. 40% in the first half of 2009 versus 33% in the year-earlier period. This is in line with Demos' strategy of international development over the last few months.

### **First-half results**

Operating income totalled €0.536 million in the first half of 2009, as opposed to €2.494 million in the first half of 2008. The fall in operating income was mainly due to the following factors:

- Operating margin fell by around 2 points due to a deterioration in the product mix. This was caused by open training courses making up a smaller proportion of consolidated sales.
- Demos' management team was expanded to support the group's development.
- The Spanish and Portuguese subsidiaries performed poorly. Although their losses were limited, they dragged down overall group profitability.

Personnel costs totalled €19.471 million in H1 2009 versus €15.914 million in H1 2008. The increase resulted mainly from:

- the acquisitions of Hemsley Fraser in April 2008 (fully consolidated in H1 2009) and STS in January 2009 (around €2.3 million);
- moves to strengthen management in H1 2009, in line with the international development strategy (around €0.5 million).

Other external expenses (external suppliers), were consistent with revenue levels and totalled €22.291 million in the first six months of 2009. This figure reflects Demos' efforts to streamline its operations and improve its cost structure, while keeping a firm grip on gross margin in its various product lines.

After goodwill amortisation of €1.026 million, Demos made a net loss (group share) of €1.409 million, as opposed to a profit of €1.058 million in the year-earlier period.

The group's financial position was solid at 30 June 2009, with shareholders' equity (group share) of €25.828 million.

Net debt totalled €10.390 million at 30 June 2009, equal to 40% of shareholders' equity (group share).

### **Increased financial resources**

In July, Demos issued €14.5 million of OBSAAR bonds, with settlement taking place on 28 July. This issue has given Demos increased financial resources and greater capacity for investment in order to pursue its growth strategy.

Alongside the OBSAAR issue, Demos carried out a bonus allocation of redeemable equity warrants (BSAARs) at a rate of 1 warrant per 15 shares held.

All information on this issue is available on the website: [www.demosgroup.com](http://www.demosgroup.com)

**Jean Wemaëre, Demos' Chairman and Chief Executive Officer, made the following comments:**

**"With our controlled development strategy and our flexible and responsive business model, we maintained firm business levels in the first half of 2009. This was despite the numerous uncertainties facing the economy and markets in general. Our strategy of diversification in terms of geographical areas, business lines and markets is now paying off in full, and enabled us to limit the impact of the recession and the substantial fall in business levels in countries like Spain and Portugal. Our strategy involves international development, investment in new technologies, outsourcing and partnerships with universities, all aimed at supporting our growth. This strategy has proven its worth, and is giving us considerable help in bolstering our business and our market-leading positions through international expansion, the enhanced content of our products and services and our innovative tools.**

**We also increased our financial resources by issuing €14.5 million OBSAAR bonds in the summer of 2009. These resources and the resulting increase in investment capacity mean**

that we can continue to develop with confidence, while maintaining systematic efforts to enhance our cost structure."

Next financial event:

Tuesday 6 April 2010: presentation of full-year 2009 results

### **About the Demos group**

#### ***An industry leader playing a key role in the business knowledge economy***

*The Demos group is a global player in professional training. Demos' core business consists of continuing professional development in all its forms, both classroom-based and distance learning, and it has developed innovative and complementary training methods like e-learning. The group's also offers other services associated with the knowledge economy, such as skills management consultancy and the dissemination of educational materials.*

#### ***A successful business model that can be implemented internationally***

*Demos operates in 16 countries and in all major French cities. It has demonstrated its ability to combine strong organic growth with effective acquisitions, enabling it to assist its customers in international markets and to develop local customer bases. In a buoyant market, the diversity of Demos' services, its demanding quality standards, its continued focus on innovative research and its flexible business model have made it a market leader in professional training.*

#### ***Consistent, profitable growth***

*In 2008, the Demos group achieved revenue of €97.4 million, up 24.5% relative to 2007, with operating income of €8.7 million and net income, group share of €4.0 million.*

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