



## Q3 trading update

(For the nine month period from 1 April 2008 to 31 December 2008)

RealDolmen, the independent single source ICT solutions provider and knowledge company, announces turnover for the nine months ended 31 December 2008, showing continued growth in all segments.

### Highlights

- *Continued revenue growth in Q3 (+2,1%)*
- *Integration of acquisition continues in line with expectations, with synergies and benefits of a cost optimization program expected to come through in the next fiscal year*
- *Convertible Bond buy backs in October and December improve net debt position by €10,6m and result in exceptional financial profit of €9,8m*
- *Strong cash balance at the quarter end*
- *Share consolidation approved: 100 existing shares into one bundled share*

Bruno Segers, Chief Executive Officer of RealDolmen, commented:

“It was pleasing to see continued progress in the third quarter despite a tougher economic environment. We saw revenue growth in each of the three divisions, and we won new customers. The integration continues to progress well, with benefits still expected to come through in the next financial year, and beyond. Cash balances remain robust and we have taken steps to improve our debt position.

“As expected, our customer base has started to feel the effects of the economic downturn in H2 and so we expect the lower level of growth seen in Q2 and Q3 to continue into a weaker Q4 compared to last year. However, we are still confident that our strong market position, good spread of customers across a number of sectors and strengthened product offering will enable us to generate a small level of growth in revenue generation and maintain REBIT margins for our fiscal year ending in March 2009.”

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## Turnover

Turnover in Q3 increased by 2,1% compared to the prior year, which is entirely due to organic growth. Over the last nine months turnover has increased by 10,8%, of which 7,7% was due to organic growth (excluding the acquisition of NEC Philips Unified Solutions NV/SA last year). After a strong H1, in Q3 we continued to see moderate growth in Professional Services (up 1,1%) with good growth in Business Solutions (up 3,4%) and Infrastructure Products (up 3,2%) in an economically challenging environment.

Turnover per segment in €mio	Q3 2008/09	Pro Forma* 2007/08	Variance in %	YTD 2008/09	Pro Forma* YTD 2007/08	Variance in %
Infrastructure Products	22,6	21,9	3,2%	64,4	58,4	10,3%
Professional Services	38,0	37,6	1,1%	106,9	100,1	6,9%
Business Solutions	10,1	9,8	3,4%	30,1	23,3	29,0%
<b>Total Group</b>	<b>70,7</b>	<b>69,3</b>	<b>2,1%</b>	<b>201,4</b>	<b>181,8</b>	<b>10,8%</b>

\*Pro Forma: sum of reported turnover by Real Software NV and Dolmen NV for period 1 April – 31 December 2007

- **Infrastructure Products:** Turnover increased over 9 months by 10,3%, of which 7,7% is organic growth and reflects in part a number of significant deals which closed in Q1. Turnover in Q3 was 3,2% stronger than last year and also improved on a sequential basis (Q2: -1,6%) .
- **Professional Services:** Turnover increased over 9 months by 6,9% of which 2,8% is organic growth. In Q3 we saw a moderate growth of 1,1%. The impact of the successful recruitment campaign aimed at school leavers in Q2 is expected to start coming through after Q4 because it is more difficult to place junior profiles with customers considering the current economic conditions.
- **Business Solutions:** Turnover increased over 9 months by 29%, with growth in Q3 of 3,4%. The slowdown in growth is mainly because of lengthening sales cycles for software development projects by our customers.

The following sample of contracts and customers were won in Q3, across a spread of sectors:

- RealDolmen, won a mandate in the period to automate the entire back office of **Torfs**, a large Belgian fashion retail chain. This will be accomplished using Microsoft Dynamics AX, the specific add-on for the retail RCM (Retail Chain Manager) and FX (Fashion Extended). This automation project also includes purchasing, all logistic processes, a link to the chain's new sorting machine and an interface to the cash point software (Torex).
- RealDolmen will build the Federal Service Bus (FSB) for the **FEDICT**, the Federal Public Service for Information and Communication Technology. This government department is responsible for fulfilling the Belgian e-government strategy. With this FSB Fedict lays the foundations for a Service-Oriented Architecture (SOA) allowing them to react swiftly and continuously adapt to complex and unpredictable changes.
- **Isabel**, a European solution provider enabling electronic banking services created a new application Zoomit, enabling its customers to view, manage and pay their invoices in their Internet Banking application. RealDolmen was called upon to deliver all necessary hardware on which the Zoomit-application runs, perform the project management together with Isabel to set up the hardware environment and also manage, support and monitor this environment 24/7.

## Financial position

In October and December the company bought back €31,5m of the convertible debt for €15,7m, reducing the €75m five year convertible bond (with maturity in July 2012) by 42% and resulting in an exceptional financial profit of €9,8m that will be reflected in our year end results. This transaction was mainly paid out of excess cash and the remainder was financed by a rolling credit of €6,0m (repayable over 4 years).

Our available cash position remains strong even after the €10m cash payment for the first buy-back transaction in October 2008 and notwithstanding the need to absorb a higher need for working capital in the more challenging working environment.



As a result of the convertible bond buy backs our net debt position has improved by €10,6m.



## Status of integration

The integration is proceeding as planned and on schedule. The migration onto a single administrative platform with fully integrated operations and convergence of internal ICT (software, infrastructure and communication) is in full swing and is expected to finish in the first half of next fiscal year accompanied by the expected synergies in that year.



At the same time, we are putting together a plan to optimize internal processes and costs which will be finished this financial year. It is expected that we will implement this plan next financial year, with benefits to follow.



## Prospects

As expected, our customer base has started to feel the effects of the economic downturn in H2 and so we expect the lower level of growth seen in Q2 and Q3 to continue into a weaker Q4 compared to last year. However, we are still confident that our strong market position, good spread of customers across a number of sectors and strengthened product offering will enable us to generate a small level of growth in revenue generation and maintain REBIT margins for our fiscal year ending in March 2009.



In terms of activity, on a divisional basis, we expect some of our customers to delay investments in Infrastructure Products in Q4, which is likely to affect volumes in comparison to last year. With Professional Services, we expect to see the positive impact following a successful recruitment campaign at the beginning of the next fiscal year. In addition, although we see no major problems in the renewal of the majority of our contracts in January 2009, the negotiations are taking longer and the price pressure is higher, so we expect lower revenues in Q4 compared to last year. For Business Solutions we are expecting delays in customer decisions to invest in IT software projects resulting in lower revenues in Q4. In light of the current depressed investment climate management is focused on closely following potential excess capacity internally.

As expected, this year's synergies will be offset by the integration costs. In Q4 we will continue to focus on the completion of the integration project and finalization of the process optimization plan, The integration project will be completed before mid 2009 but the optimization project will run up to the end of the next financial year. This will pave the way for REBIT and margin improvement and the full impact of synergies in the next financial year.

For the next twelve months we believe that our limited presence in the financial sector and our strong presence in the public sector will be anti-cyclical, allowing us to take additional market share in a flat ICT market.

Considering our strong cash position and market leadership RealDolmen is well positioned to face the economic challenges ahead.

### Fair view statement of the management of the company

We the undersigned, Ashley Abdo (Gores Technology Ltd. London, Küssnacht branch), Chairman of the Board, Bruno Segers ( BVBA All Together), Managing Director ( CEO) and Jos Nyns, CFO, declare that to our knowledge this trading update provides a fair view of the significant events in the period between 30 September 2008 and 31 December 2008 and their financial impact.

It should be noted that in January 2009, Bruno Segers (BVBA All Together), Managing Director (CEO) purchased 1.5 million shares for a total value of €240,000, bringing his total stake in RealDolmen directly and through his management company to 2.5 million shares.

### Financial calendar

**Year end results      29 May 2009**



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**For more information:**

Visit our website [WWW.REALDOLMEN.COM](http://WWW.REALDOLMEN.COM)



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**About RealDolmen**

RealDolmen is an independent single source ICT solutions provider and knowledge company with over 1900 highly skilled IT professionals and more than 1000 customers in the Benelux and France. The company offers innovative, effective and reliable ICT solutions and professional services designed to help its clients achieve their objectives by optimizing their business processes.