

H1-2011: A GOOD OPERATIONAL PERFORMANCE

Angers, 12 September 2011 – Evolis, the leader in the European market for personalised ID card printers, today published its consolidated financial statements for the first half of 2011, closed on 30 June.

A 1-POINT INCREASE IN THE OPERATING MARGIN TO 16.7% IN H1-2011

After posting soaring sales in the first half of 2010 (up 31%), Evolis recorded sales of €21.0 million, up 2.2% in a wait-and-see environment and a worsening exchange rate between the euro and the dollar (5% growth at constant exchange rate).

Europe, the Middle East & Africa (up 7%) and the Americas (up 6%, up 10% at a constant €/€ exchange rate) turned in relatively satisfactory performances despite a lacklustre market, with recurrent Network sales and buoyant growth of Project business.

Network sales volumes in Asia were also good with 7% growth. This said, Asian sales were hurt by the postponement of certain projects, generating a loss of income of more than €1 million. Growth in China failed to make up for the discontinuation of projects in the weak Japanese and Australian markets.

The quality of the Group's industrial model and fast operational response helped raise the operating margin by 1 point to 16.7%, at a time of pressure on sales prices and inflating component costs. As a result, operating income rose by 8.4% to €3.5 million.

The exchange rate of the US dollar shaved €0.4 million from financial income during the first half, versus an increase of €1 million during the benchmark period. H1 net profit came to €2.1 million, i.e. a net margin of 10.1%.

- Simplified profit & loss account:

M€	H1 2009	H1 2010	H1 2011	11/10
Sales	15.6	20.5	21.0	+2.2%
Value added	6.6	8.7	9.1	+5.1%
Personnel charges	(3.5)	(4.2)	(4.2)	-
Amortisation and depreciation	(0.7)	(1.0)	(1.1)	+11.6%
Taxes	(0.2)	(0.3)	(0.4)	+22.8%
Operating income	2.2	3.2	3.5	+8.4%
Operating margin	14.1%	15.7%	16.7%	+1pt
Net financial income (prov. / exchange gain/(loss))	(0.1)	1.0	(0.4)	N/S
Corporation tax	(0.7)	(1.5)	(1.0)	-33.8%
Net profit	1.3	2.8	2.1	-23.6%
Net margin	8.6%	13.5%	10.1%	-3.4pts

Cash flow came to €3.4 million, i.e. 16.2% of sales. Despite the exceptional impact of debts (particularly tax and social security liabilities) on working capital consumption, cash flow from operations remained positive with a net cash position of €9.9 million on 30 June and equity of €32.5 million.

The signature of new government contracts, particularly for driving licenses in Bangladesh, will revive the Project business in Asia. Strong partnership agreements with leading technological integrators in all zones have recently been signed. They can be expected to boost sales out to the end to the year.

The new products, services and solutions launched in the second half should breathe new life in Evolis' results and boost sales.

In a disturbed global environment, Evolis remains true to its strategy to gain market share and break into new markets and to keep cost control a priority.

Next key date:

Publication of Q3 sales, 11 October 2011, after trading hours

*About Evolis: **Evolis** (Alternex: ALTVO) develops, manufactures and markets a complete range of on-demand card printers. These printers provide all options needed for graphic, magnetic and electric personalisation (chip card with or without contact – RFID technology) of all types of cards (employee badges, student cards, bank cards, etc.). Based in Angers (France) with subsidiaries in Miami (United States) and Singapore and representation office in Shanghai (China), Evolis posted sales of €42.5 million in 2010. The company has 160 employees and is represented in 125 countries in the world.*

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