

5 May 2010

Logica first quarter driven by strong growth in Outsourcing

At its Annual General Meeting being held today, Logica will comment on trading for the first quarter of 2010. The following is the interim management statement based on unaudited results for the first quarter ended 31 March 2010.

Headlines¹

- Improving trend with revenue down 2% compared to an average 4% decline in the previous three quarters, benefiting from strong order bookings in 2009
- Continued strong growth in Outsourcing Services revenue, up 11%
- Consulting and Professional Services revenue down 8%, compared to an average decline of 11% in the previous three quarters
- Revenue stable or growing in all regions except Sweden and the Benelux, with the most significant decline as expected in the Benelux
- Orders of £1,093 million, resulting in a book to bill of 116%; book to bill was 123% in Outsourcing Services and 112% in Consulting and Professional Services
- Guidance remains unchanged for 2010
- Net debt/EBITDA expected to be in the region of 1.0x at the end of June 2010; additional €56 million private placement facility in place

¹ Unless otherwise stated, all headline numbers relate to pro forma numbers as defined on page 5.

	Q1 2010 actual	Q1 2009 pro forma*	Q1 2009 reported	Q1 2010 growth % actual	Q1 2010 growth % pro forma*
Orders (£m)	1,093	1,170	1,168	(6)	(7)
Revenue (£m)	939	954	954	(2)	(2)

*Q1 2009 revenue adjusted for the impact of acquisitions and disposals at Q1 2010 exchange rates

Commenting on today's announcement, Andy Green, CEO, said:

"We saw some positive trends in the first quarter with particularly strong demand in France and continued revenue growth in the UK balancing the continuing difficult market conditions in the Benelux and to a lesser extent, Sweden. The pipeline of opportunities to help our clients evolve their businesses remains good as demonstrated by important wins at Posten Norden and Swedish food processing companies, Lantmännen and Scan."

Outlook

The performance of the business in the first quarter reflected the trends we had signalled in February. We continue to expect revenue to decline modestly in the first half, with full year revenue and adjusted operating margin expected to be at a similar level to 2009 on a constant currency basis.

The effect of our continued cost reduction programme should offset the full year impact of volume and pricing reductions agreed in 2009, which have the greatest impact in the first half. As we indicated at the 2009 results, we do not anticipate any restructuring charges in 2010. We expect the plans that we have been implementing since 2008 to allow us to outperform the market and improve margins over the medium term.

Our people

We had 38,689 employees at the end of March 2010 compared to 38,780 at the end of December 2009. Attrition increased slightly through the quarter to around 9%, reflecting improved demand in countries such as France and India. Utilisation improved through the quarter, with some improvement in the Benelux. Onshore headcount was slightly down, with some recruiting in France offset by around 150 exits in the Benelux in the first quarter.

Total offshore and nearshore headcount was around 5,200 compared to 5,100 at the end of December 2009. Around 170 new trainees joined the business in offshore locations at the end of the first quarter. We expect to grow our nearshore and offshore headcount by around 10% in the second quarter.

Key orders and wins

New orders totalled £1,093 million over the quarter, a decline of 7% against a strong comparative period in 2009 which reflected the large National Policing Improvement Agency and TeliaSonera contract wins. Group book to bill was 116% in the first quarter (2009: 123%). In the opening four months of the year, we have signed two deals greater than £20 million, with an increase in the average deal size of 25% compared to a year ago.

Important wins have included Posten Norden, Lantmännen and Scan, as well as extensions with Morrison Utility Services and ING. We also extended the scope of the work we do with the unemployment arm of the Dutch social security agency UWV (formerly CWI) in the Netherlands. The 7-year, €18 million contract will see us take on management of the Dutch public sector's largest case management system which registers and supports the re-integration of the unemployed back into work.

Outsourcing

Outsourcing continued to be the main driver for growth with revenue for the quarter up 11% to £369 million, with the increase reflecting market demand for cost reduction.

Book to bill was 123% in the first quarter (2009: 122%). The pipeline continues to be strong and order intake remains solid with key wins including Posten Norden.

Consulting and Professional Services

Consulting and Professional Services showed an improved trend in the first quarter, declining by 8% compared to an average decline of 11% in the previous three quarters.

Book to bill was strong at 112% (2009: 123%) with improving demand in France and the Benelux as we came through the first quarter. We continued to see a good volume of opportunities and stabilisation in pricing levels on last year.

Revenue by geography

REVENUE (£m)	Q1 2010 actual	Q1 2009 pro forma*	Q1 2009 reported	Q1 2010 growth % actual	Q1 2010 growth % pro forma
France	208	204	209	(1)	2
UK	187	182	182	3	3
Northern and Central Europe	192	192	195	(2)	-
Benelux	136	159	163	(17)	(14)
Sweden	135	139	130	4	(3)
International	81	78	75	8	4
Total	939	954	954	(2)	(2)

*Q1 2009 revenue adjusted for the impact of acquisitions and disposals at Q1 2010 exchange rates

France

Revenue was up 2% to £208 million, reflecting orders signed in Q4 2009 with a number of our key clients.

Book to bill of 126% (2009: 133%) remained strong on the back of a good overall market environment and increased volume of orders in outsourcing, particularly in application management.

Utilisation remains strong. We continue to recruit to meet demand and have made some use of subcontracting in the first quarter.

UK

Revenue was up 3% to £187 million, with Public Sector growth of 5%, drawing on our good order backlog across Government departments and agencies.

Book to bill was 67% (2009: 121%). This was well below the strong comparative recorded in 2009 when we signed the National Policing Improvement Agency contract. While we continue to see good medium term opportunities in the public sector, we did see some slowing of decision making, as expected, as we came through the first quarter.

Northern and Central Europe

Revenue was stable at £192 million, with continued strong growth in Finland balancing a decline in other Nordic geographies against a strong performance last year.

Book to bill was 149% (2009: 130%). Order backlog improved in the quarter, with orders up 15%. This reflected an improvement in the German consulting market, a continued strong performance with our Finnish clients and the recent Posten Norden win in Denmark.

Benelux

Revenue was down 14% to £136 million in line with our expectations, reflecting the lower backlog at the end of last year and pricing reductions agreed in the first half of 2009.

Book to bill was 103% (2009: 87%), with orders stable on the first quarter of 2009. Pricing has largely stabilised at levels agreed in the first half of 2009. Progress on initiatives like our newly extended framework agreement with ING, which will allow more flexible

resourcing in their commercial banking business to meet their cost and client objectives, will contribute to improving utilisation in the Netherlands.

Sweden

The revenue decline of 3% to £135 million reflected pricing reductions agreed in the first half of 2009 as well as slower recovery in the level of demand in Sweden compared to other markets.

Book to bill was 144% (2009: 160%). Despite a difficult market in Consulting and Professional Services, we continue to win opportunities to help clients transform their business. Since the end of the first quarter, we have recorded a win with Swedish food processing companies, Lantmännen and Scan.

International

Revenue was up 4% to £81 million, making the International region the strongest performer in the Group on the back of continued strength in Australia and the Middle East. There was some slowing in Brazil and Portugal against strong 2009 comparatives.

Book to bill was 104% (2009: 87%). Our pipeline reflects increased demand from European clients expanding their presence in Asia as well as generally improving markets in the International cluster.

Financial position

We expect operating cash flow to exhibit the normal seasonal pattern, with stronger cash flow in the second half leading to a further reduction in net debt/EBITDA at the end of 2010. Net debt/EBITDA is expected to be in the region of 1.0x at the end of June 2010 (December 2009: 0.9x).

In April the company signed a €56 million private placement debt agreement. The agreement, which is fully drawn down, provides five, six and seven year funding at an average interest rate of just under 5%. As well as lengthening the maturity of the Group's borrowings the placement diversifies the Group's sources of funding. The proceeds were used to make a further repayment on the bank loan maturing in September 2010. We now expect this loan to be fully repaid in the first half of the year.

Annual General Meeting

Our Annual General Meeting is being held this morning at 10:30am at Kings Place, 90 York Way, London N1 9AG.

Financial calendar

The next scheduled statements in our financial calendar are:

6 August 2010	H1 2010 interim results
3 November 2010	Q3 2010 interim management statement

Disclaimer

This document contains forward-looking statements that involve risks and uncertainties concerning the Group's expected growth and profitability in the future. Actual events or results may differ from those described in this document due to a number of risks and uncertainties that are described within the 2009 annual report filed with the UK Listing Authority on 31 March 2010.

For further information please contact:

Logica Investor relations:

Karen Keyes/Frances Gibbons/Jose Cano +44 (0) 7801 723682/+44 (0) 20 7446 4341

Logica Media relations:

Louise Fisk +44 (0) 7798 857770

Brunswick:

Tom Buchanan +44 (0) 20 7404 5959

Notes:

1. Book to bill percentage is a measure of the level of orders relative to revenue in the period.
2. Comparative figures for 2009 are pro forma constant currency revenues. Pro forma adjustments have been made to take account of changes in composition of the Group through acquisitions and disposals.
3. Exchange rates used are as follows:

	Q1 2010	Q1 2009
£1 / €	1.13	1.10
£1 / SEK	11.23	12.06
£1/USD	1.57	1.44