30 April 2009

Logica reports strong Q1 orders

Logica is today issuing an interim management statement based on unaudited results for the first quarter ended 31 March 2009.

	2009 actual	2008 reported	Q1 growth % (pro forma*)	Q1 growth % (actual)
Q1 REVENUE (£m)	**954**	**856**	**0**	**11**

* Q1 2008 revenue adjusted for the impact of acquisitions and disposals at Q1 2009 exchange rates was £958 million

- **Revenue for the first quarter in line with 2008 on a pro forma basis and up 11% on a reported basis despite a challenging economic environment**
- **First quarter orders increased 16% over 2008 on a pro forma basis, with two major outsourcing deals driving book to bill of 122%**
- **Accelerated cost savings of £75 million on track**
- **Cash performance in the first quarter underpinning year end net debt/EBITDA guidance**
- **Second half market conditions unlikely to be much different from first half of 2009**

Andy Green, CEO of Logica, said:

“I am pleased that we maintained revenues for the first quarter at last year’s level. Order performance remained strong, boosted by outsourcing wins with TeliaSonera and the UK’s National Policing Improvement Agency. We are executing against our Programme for Growth, which we expect will deliver margins at least in line with 2008 despite difficult market conditions.”

Overview

Revenue for the first quarter of 2009 was £954 million, with positive currency impact contributing to 11% reported revenue growth (2008 reported: £856 million). On a pro forma basis, first quarter revenue was in line with 2008 with expected weakness in Financial Services and IDT offset by growth elsewhere.

Outsourcing Services revenue was up 9% and represented 33% of total revenue (2008: 30%). Revenue in the more cyclical non-outsourcing business (Consulting and Professional Services) declined 4%, with the most significant impact in the Netherlands and some slowing in Sweden.

Strong first quarter order intake, with orders up 16% over 2008, resulted in a book to bill for the first three months of 122% (2008: 105%). This was driven by particularly good order intake in Outsourcing Services, with book to bill at 131% (2008: 99%). Orders growth in the non-outsourcing business was 6% on a pro forma basis, resulting in a book to bill of 118% (2008: 107%). We had a number of significant new wins in our high growth areas. While the overall pipeline of opportunities remains good, the level of orders and revenue in Consulting and Professional Services in the first half is likely to be impacted by increased pricing pressure, longer customer decision-making cycles and a lower number of working days in the second quarter than in 2008.

Programme for Growth

The Programme for Growth remains at the core of our strategy to deliver real value to our shareholders. The plan, which we initially set out in April 2008, aims to reduce costs and reinvest in strengthening the sales capability of Logica and to improve execution with the intention of making us our customers' most trusted innovation partner. In November 2008 and February 2009, we announced that we intended to accelerate the cost savings which underpin the programme and to slow the investments in light of market conditions. Our 2009 cost savings of £75 million and investments of £30 million in sales and marketing remain on track and the expected overall cost of the programme remains at £145 million.

Outlook

Our strategic shift over the last twelve months to improve our sales capability and contest and win more long-term, outsourcing contracts resulted in a strong order intake in the last quarter of 2008 and in the first quarter of 2009. As a result, we expect to see Outsourcing revenue benefiting increasingly through 2009. In Consulting and Professional Services, the market has become more difficult through the first quarter, as customers look to reduce costs in the context of a more challenging economic environment. In light of this, overall first half revenue is likely to show a slight decline.

Second half market conditions are unlikely to be much different from those in the first half of 2009. Despite market conditions, we expect to deliver full year adjusted operating margin at least in line with last year.

Employees

We had 39,812 employees at the end of March, compared to 39,937 as at the end of December 2008. Six month annualised attrition was 11% at the end of March (14% at the end of December 2008). We now expect it to be below 8% for the full year.

With attrition declining significantly, we have largely stopped recruiting in our larger European geographies and are taking action to maximise utilisation. In addition, we are acting decisively to reduce headcount further in the geographies where we see significant weakness. At the end of

March, we had around 5,150 employed in our nearshore and offshore centres. We will continue to prioritise growing these centres as onshore headcount declines.

Revenue by geography

The basis on which we are reporting revenue has changed to reflect our new management structure and the prior year comparatives have been restated below. The main change is that Germany is reported within the International segment.

Q1 REVENUE (£m)	2009 actual	2008 restated	Q1 growth % (pro forma*)	Q1 growth % (actual)
Nordics	264	236	2	12
France**	209	170	2	23
UK	182	175	4	4
Benelux**	163	153	(11)	7
International, of which:	136	122	0	11
Rest of Europe (including Germany)	89	83	(4)	7
Rest of World	47	39	9	21
Total	**954**	**856**	**0**	**11**

*A full set of 2008 revenue comparatives by country adjusted for the impact of acquisitions and disposals and at Q1 2009 exchange rates is available on the Logica website.

** Luxembourg is currently included in the revenue numbers for France, rather than Benelux.

Nordics

Revenue was up 2% on a pro forma basis to £264 million (2008: £259 million), with strong first quarter growth in Finland and Norway more than offsetting the expected weakness in Sweden. Slowing in Sweden was primarily attributable to the IDT segment, where we saw declines in non-outsourcing revenue.

Book to bill was 136% (2008: 117%), with a 18% increase in orders over the same quarter last year. Both Sweden and Finland contributed good outsourcing order intake in the quarter.

France

Revenue was £209 million (2008: £205 million), up 2% on a pro forma basis despite a lower number of billable heads than last year. Continued momentum with Energy and Utilities customers contributed to good revenue growth. The consulting business was robust despite the more difficult economic environment.

Book to bill was 133% (2008: 102%), with a 33% increase in orders on last year resulting from a significant win in Financial Services. We continue to see new opportunities spread across all sectors.

UK

First quarter revenue in the UK was up 4% on a pro forma basis to £182 million (2008: £175 million). Public Sector represented 58% of revenue and was up 10%. The actions taken in 2008 have resulted in good utilisation in the UK business with more resources allocated to supporting Public Sector growth.

Book to bill was 121% (2008: 102%). A 24% increase in orders over last year was driven by a £76 million, 7-year contract with the National Policing Improvement Agency (NPIA) to deliver a national database for the Police Service across the UK, contributing to a good order backlog in the Public Sector. The pipeline remains more heavily weighted to Public Sector and Telecoms, with Financial Services continuing to be the most challenging sector.

Benelux

In February, we announced that we would be taking decisive action to respond to a slowing market. As a result, we substantially changed the leadership team and transitioned to a new management structure. We are well advanced in our plans to align the organisation and the cost structure to our new model. The model will centralise the delivery resources to maximise utilisation and further reduce the number of subcontractors. As a result of the actions being taken, we expect to reduce headcount in the Netherlands by around 300.

The trends we saw in the Benelux in the fourth quarter of 2008 continued into the first quarter, leading to a revenue decline of 11%. Revenue was £163 million (Q1 2008: £183 million), with both the Netherlands and Belgium seeing declines in revenue. Stable revenue with Public Sector and Energy and Utilities clients was insufficient to offset a significant decline in Financial Services and weakness in IDT.

The nature of the business mix in the Netherlands, which is more heavily weighted to non-outsourcing business, resulted in a lower book to bill than in other geographies. A good order performance in the Public Sector and Energy and Utilities was masked by weaker first quarter order intake in Financial Services and IDT, resulting in an overall book to bill of 87% (2008: 79%).

International

First quarter revenue in the International business was unchanged on last year on a pro forma basis at £136 million (2008: £136 million), with 65% of our International revenue coming from the Rest of Europe (2008: 68%).

Revenue in the Rest of Europe segment declined 4%. Germany and Iberia were the largest geographies in this segment, representing 37% and 20% respectively of total International revenue. (2008: 39% and 21%). First quarter revenue in Germany declined 8% on a pro forma basis, with the continued impact of the team which exited towards the end of the first quarter of 2008 and lower headcount as we reduce numbers in light of a more difficult economic environment. Outside Europe, revenue was up 9% on a pro forma basis.

Book to bill was 124% (2008: 124%), with good order intake in Central Europe offsetting slowing in the Rest of World.

Outsourcing Services

Q1 REVENUE (£m)	**2009 actual**	**2008 reported**	**Q1 growth % (pro forma*)**	**Q1 growth % (actual)**
Q1 revenue	315	263	9	20
OS revenue as % of total	33%	31%		
Q1 orders	412	264	44	56

***Q1 2008 revenue adjusted for the impact of acquisitions and disposals at Q1 2009 exchange rates was £289 million; Q1 orders were £287 million.**

Outsourcing Services revenue was up 9% to £315 million (2008: £289 million).

Book to bill was strong at 131% (2008: 99%), with two major wins over £20 million. Orders were up 44% to £412 million, with the largest orders in the quarter coming from the Nordics and the UK.

Minority interests and acquisitions

We have now completed the £48 million buyout of minority interests in WM-data, with the final payment having been made on 10 March 2009.

Financial position

Operating cashflow and cash performance in line with our expectations continues to underpin our view that net debt/EBITDA will be in the order of 1.2x at the end of 2009.

Financial calendar

Our next scheduled statements are:

7 August 2009	H1 2009 interim results
4 November 2009	Q3 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 2008 annual report filed with the UK Listing Authority on 30 March 2009.

For further information, please contact:
Logica Investor relations: Karen Keyes/Frances Gibbons +44 (0) 207 446 1338/+44 (0) 7801 723 682
Logica media relations: Carolyn Esser/ Anna Brog +44 (0) 7841 602 391/+44 (0) 207 446 2887/+44 (0) 7798 857 770
Brunswick: Tom Buchanan +44 (0) 207 404 5959

Notes:

1. For details of actions and metrics around each area of the Programme for Growth, please see the materials from our 22 April 2008 presentation at www.logica.com.
2. Book to bill percentage is a measure of the level of orders relative to revenue in the period.
3. Comparative figures for 2008 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.
4. Q1 2009 exchange rates used are as follows:

	Q1 2009	Q1 2008
£1 / €	1.10	1.32
£1 / SEK	12.06	12.40
£1/USD	1.44	1.98