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Sales for third quarter 2009/10

Good resistance trends reaffirmed

Paris, December 15 2009: [ESI Group](#) (ISIN FR0004110310), a pioneer and world-leading solution provider in virtual prototyping and manufacturing processes, announced today its consolidated sales for its third quarter to October 31 2009 and the first 9 months of 2009/2010.

9-month sales

In € million	9 months 2009/10	9 months 2008/09	Δ % (actual)
Licenses	29.3	30.3	-3.6%
Services and other revenue	15.7	12.3	+27.7%
Total	45.0	42.6	+5.4%

NB: The Group's FY ends January 31

Breakdown of 9-month sales by quarter

In € million	2009/10			2008/09		
	Q1	Q2	Q3	Q1	Q2	Q3
Licenses	11.1	9.6	8.5	10.8	10.5	9.1
Services and other revenue	5.3	5.1	5.3	3.9	4.1	4.3
Total	16.4	14.8	13.8	14.7	14.6	13.4

NB: The Group's FY ends January 31

Sales for the third quarter of the Group's 2009/10 fiscal year totaled 13.8 million euros, up +3.2% compared to the third quarter of the previous fiscal year and up +1.7% in terms of volume (constant exchange rates).

Licenses, on which external growth only has a slight effect, recorded sales of 8.5 million euros, down -5.7%. Services recorded an increase of +21.9% in sales, to 5.3 million euros. Excluding the contribution of the acquisition of Mindware, which is consolidated since mid-December 2008 and totaled 1.4 million euros, Services activity would have been down -11.1%. However, the moderate down change in Services sales over the third quarter 2009/10 should be put in perspective of the negative base effect (with Services sales for the 3rd quarter 2008/09 recording substantial organic growth of +17%). Given the Group's business model and its third quarter where Licenses activity is traditionally weaker, the Licenses / Services product mix, which is 62% for Licenses and 38% for Services over this period, should thus, for the full fiscal year, be closer to the normative split of about 70% for Licenses and 30% for Services.

Over the first 9 months of the current fiscal year, Group sales totaled 45.0 million euros (+5.4%). In line with what had previously been observed, the -3.6% fall in Licenses activity is explained with a -25.6% decrease in New Business which highlights the cautious attitude of some clients in the current environment. On the other hand, the rate of License repeat business, linked to annual rentals, has remained at a high 77% rate compared to 76% for the first 9 months of the previous fiscal year. Reflecting the solidity of the Group's business model, the installed base of repeat business thus increased by +3.3% in actual terms.

Regarding Services, sales were up +27.7% in actual terms and down -6.8% in organic terms. Mindware, whose business recorded significant organic growth, contributed €4.2 million to sales.

On a geographic level, over the first 9 months of the current fiscal year the Americas accounted for 23% of sales, versus 15% a year earlier. This reflects the integration of Mindware, whose business is highly concentrated in the United States.

Alain de Rouvray, [ESI Group](#)'s Chairman and CEO, says *“Our third quarter is traditionally the least significant, given the seasonality of our business. Nonetheless, these figures reveal a continuation of the trend observed since the start of the year, i.e. a wait-and-see attitude on behalf of clients in terms of new diversification orders, but a reaffirmation of the renewal of the installed base for Licenses, essentially in rental mode, and the maintaining of Services with a highly innovative dimension. In a period marked by weak visibility, albeit with a slight improvement but with significant uncertainty still remaining, this is a positive sign for us that reflects the confidence our clients have in our virtual prototyping solutions, which generate exceptional gains in productivity and competitiveness.”*

About [ESI Group](#)

ESI is a world-leading supplier and pioneer of digital simulation software for prototyping and manufacturing processes that take into account the physics of materials. ESI has developed an extensive suite of coherent, industry-oriented applications to realistically simulate a product's behavior during testing, to fine-tune manufacturing processes in accordance with desired product performance, and to evaluate the environment's impact on product performance. ESI's products represent a unique collaborative and open environment for Simulation-Based Design, enabling virtual prototypes to be improved in a continuous and collaborative manner while eliminating the need for physical prototypes during product development. The company employs over 750 high-level specialists worldwide covering more than 30 countries. [ESI Group](#) is listed in compartment C of NYSE Euronext Paris. For further information, visit www.esi-group.com.

Listed in Eurolist compartment C of NYSE Euronext Paris

ISIN FR 0004110310 - FTSE 977- Bloomberg ESI FP - Reuters ESIG.LN

ESI GROUP has been qualified as "an innovative company" since January 20th 2000 by the OSEO and is eligible for inclusion in "FCPI" (venture capital trusts dedicated to innovation).



**2009/10 annual sales:
March 15, 2010
(after close of trading)**