Paris, September 29, 2011

ESI is the leader and a pioneer in virtual prototyping solutions.

Stock market information

Listed on **compartment C of the NYSE Euronext Paris**
ISIN FR 0004110310

FTSE 977

Bloomberg ESI FP

Reuters ESIG.LN

Granted
"***entreprise innovante***"
(innovative company) certification on January 20, 2000 by OSEO,
ESI Group is eligible for inclusion in FCPI (venture capital trusts dedicated to innovation

Financial schedule

Press release
Sales for Q3 2011/12:
December 15, 2011
(after market)

Contacts

ESI Group
Corinne Romefort-Régnier
Tel: +33 (0)1 53 65 14 14
investors@esi-group.com

*New***Cap.**
Emmanuel Huynh
Axelle Vuillermet
Tel: +33 (0)1 44 71 94 94
esi@newcap.fr

Our Press section can be found on
www.esi-group.com

Social media

Results for the first half of 2011/12

Substantial improvement in operating profit (+37%) and net profit (+36%)

Acceleration in growth

- **Improvement in margins**
- **Cost structure under control**
- **Solid financial situation further strengthened**

Alain de Rouvray, ESI Group's Chairman and CEO, comments: "*We have recorded a good first half-year, and achievements are well aligned with our expectations. The growth of our activity was amplified with a substantial improvement in our half-year results. Furthermore, our financial position remains very solid and with a particularly low level of debt. These fine results reflect the efficacy of our business model that combines repeat Licences and innovative Services in diversified industrial sectors. It also testifies to efficient cost control. We are thus entering the second half of the year with good perspectives of growth and profitability improvement for the full year.*"

Consolidated half-year results

FY to January 31

In € millions	H1 2011/12 to July 31 2011	H1 2010/11 to July 31 2010	Δ €m	Δ %
Total sales	**36.6**	**33.3**	+3.3	+10.0%
of which: Licences	24.9	22.9	+2.0	+9.1%
of which: Services	11.7	10.4	+1.3	+12.0%
Gross margin	**23.9**	**21.6**	+2.3	+10.7%
% of sales	*65.3%*	*64.9%*		
EBITDA	**-1.7**	**-2.3**	+0.6	+25.6%
% of sales	*-4.6%*	*-6.8%*		
Operating profit/loss (EBIT)	**-1.8**	**-2.8**	+1.0	+36.6%
% of sales	*-4.9%*	*-8.5%*		
Attributable net profit/loss	**-1.6**	**-2.6**	+1.0	+36.5%
% of sales	*-4.4%*	*-7.7%*		

Reminder: the seasonal nature of ESI Group's Licences sales usually translates into a larger proportion of full-year revenues being recorded over the fourth quarter of the year.

First-half sales up +10%

As announced on September 15, 2011, first-half revenue totalled 36.6 million euros, an increase of +10.0% in real terms and +11.0% at constant currency.

The key indicators were all positive over the half:

- Licences revenue was up +9.1%, at 24.9 million euros.
- The Licences installed base grew by +4.2%.
- Licences repeat business remained at a very high level, at 82%.
- Licences New Business recorded a significant increase of +26.4%.
- Services activity increased by +12.0%, totalling 11.7 million euros.

Improvement in the gross margin

The gross margin came to 65.3% of revenue, versus 64.9% over the first half of 2010/11 and 61.6% over the first half of 2009/2010, and is thus recording constant growth.

Operating cost structure under control

Research and Development costs were cut by 11.8% and totalled 6.5 million euros over the first half. This visible trend masks the stable high level of software investments (33% of Licenses revenues). It can be explained by a combination of factors: a decrease in net investments using resources in co-financed projects, positive currency effects, higher capitalisation of Research & Development costs and some increase in Research Tax Credit.

Sales & Marketing costs totalled 13.5 million euros, up 12.2% on the previous year, and represented 36.9% of revenue compared to 36.1% over the same period last year. This evolution reflects reclassification and seasonal effects.

General and Administrative costs totalled 5.7 million euros, versus 5.0 million euros over the first half of 2010/11(base and seasonal effect).

All in all, operating costs remained well contained and only increased by 5.2% over the half, compared to a 10% increase in revenue.

Strong improvement in EBITDA in Operational Result (EBIT)

Mirroring the improvement in the Group's economic performance, the EBITDA margin was up by +2.2 percentage points at -4.6%, compared to -6.8% over the first half of the previous year and -8.4% over the first half of 2009/2010.

The EBIT was -1.8 million euros, an improvement of 1.0 million euros or a sharp increase of 36.6% compared to the first half of last year.

Strong improvement in net profitability

The financial result, affected by currency losses, was -0.8 million euros over the half, compared to -0.7 million euros the previous year.

Once this financial result, a positive income tax credit of 0.9 million euros and the substantial EBIT improvement are taken into account, the Group's attributable net loss was -1.6 million euros over the half, compared to -2.6 million euros over the first half of last year, i.e. a strong improvement of 36.5%.

Robust financial structure

The Group had 12.5 million euros in available cash at July 31, 2011, versus 10.6 million euros at July 31, 2010 and 6.8 million euros at January 31, 2011. After reimbursement of various debts (1,8m€ over the half), the Group's financial position strengthened, with a particularly low debt ratio (long-term debt over shareholders' equity) of 4.6% at July 31, 2011, compared to 11.5% at July 31, 2010 and 6.5% at January 31, 2011.

Validation of growth and profitability leverage

Licences activity recorded a good performance over the first half of the year, traditionally not representative (seasonal effect).

It saw a high level of repeat business from the installed base, reflecting key clients' increasing eagerness to resort to ESI's virtual prototyping solutions which spur particularly sought-after industrial innovation during a period of economic mutations.

New Business, representative of the growing diversification, also recorded substantial growth. This reflects the deployment effect inherent to ESI Group's business model. On the one hand our solutions are initially adopted by the sector's key accounts, and then are gradually adopted by the main suppliers and sub-contractors. On the other hand, this increase in New Business also contributes to the pursuance of industry sector diversification, with the first half seeing an outstanding performance in terms of orders taken for the Aeronautical (+43%), Energy (+29%) and Education (+42%) sectors, which are particularly affected by the need to innovate and by international competitive pressure.

Services activity also recorded good growth in terms of both revenue (+12%) and gross margin (+27%), proving the relevance of the offer of innovative services both upstream and downstream of software solutions.

Thanks to its excellent and continuous innovation over the last 30 years, its unique technological knowhow, its global sales network and partnerships, its recurrent business model with a high gross margin, and its development in near-shore and offshore zones, the Group demonstrates a proven solidity and offers a substantial profitability leverage.