

2015 annual sales up 12.3%

Solid growth dynamics Integration of acquisitions

- **Strong growth in Licensing activity and engineering studies**
- **Good business momentum in Asia, particularly China**
- **Further adoption by major customers and sector diversification**
- **Broadening of strategic positioning through recent acquisitions**

Alain de Rouvray, Chairman and Chief Executive Officer of ESI Group, comments: *"Sales momentum in 2015, particularly in the Licensing activity, was confirmed in the fourth quarter, strengthening the positioning of ESI Group's Virtual Prototyping solution. The repeat business rate remained particularly high, and our international expansion continued successfully, especially in Asia; reflecting the strong value proposition of ESI's industrial solutions toward the emergence of the smart digital factory. The sustained progression of high-value-added engineering studies, designed to foster transformational industrial innovation, provides a powerful catalyst for the growth of ESI Group's business in the medium and long term. Furthermore, by its recent acquisitions the Group has amplified the democratization potential of its solutions. The investments initiated in 2015 to integrate these acquisitions will be pursued in 2016 to speed-up the building of the strong expected synergies."*

Fourth quarter and annual sales

Financial year ending January 31 (unaudited figures)

In € millions	Q4 2015	Q4 2014	% chg.	% chg. (cer ¹)	2015 sales	2014 sales	% chg.	% chg. (cer ¹)
Licenses	47.4	41.3	+14.7%	+10.1%	97.0	84.5	+14.8%	+9.1%
Services	7.5	7.7	-1.9%	-5.8%	27.7	26.5	+4.5%	-0.5%
Total	54.9	49.0	+12.1%	+7.6%	124.7	111.0	+12.3%	+6.8%

¹ cer: at constant exchange rates

Acquisitions over the period: CIVITEC's activities entered the scope of consolidation as of March 27, 2015 and the assets of Ciespace were consolidated as of April 10, 2015. The assets of PicViz were consolidated as of March 30, 2015, and PRESTO software entered the scope of consolidation as of May 6, 2015. ITI GmbH's activities were consolidated as of January 6, 2016. These acquisitions represent revenue of €0.7 million over the full year and €0.5 million in the fourth quarter. Mineset, acquired on February 5, 2016, will be consolidated in the 2016 financial year.

Breakdown of quarterly sales

In € millions	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Licenses	47.4	14.9	17.6	17.1
Services	7.5	6.4	6.7	7.0
Total	54.9	21.4	24.3	24.1

Fourth-quarter sales

Sales for the fourth quarter amounted to €54.9 million, up 12.1% compared with the fourth quarter of 2014. There was a positive currency effect of €2.2 million. Licensing sales amounted to €47.4 million, up 14.7% in actual terms, driven by the strong performance of the Repeat Business (+15.7% in actual terms), particularly in Asia. New Business also grew strongly, rising 9.8% at actual rates, driven by the success of the Licensing activity in the Americas.



Regarding the Services activity, revenue amounted to €7.5 million, a slight down year-on-year (-1.9%). The solid growth in engineering studies (+18.7%) is not apparent due to decline of non-recurring Other Services (e.g. hardware sales).

Annual 2015 sales

Sales totalled €124.7 million, up 12.3% year-on-year at actual rates. Acquisition-related revenue remained limited at €0.7 million, split equally between Licensing and Services. There was a positive currency effect of €6.1 million, arising mainly from positive movements of the US dollar and to a lesser extent the Japanese yen and South Korean won.

The product mix shifted towards Licenses activity, which now accounts for 77.8% of total sales compared with 76.1% in 2014.

Licenses: strong growth and solid positions

Licenses activity recorded annual sales of €97.0 million, up 14.8% at actual rates compared with the previous year. That solid growth reflects ESI Group's success in developing its installed base, which generates the very high repeat business rate of 90% at constant exchange rates. New Business amounted to €16.5 million at constant exchange rates and excluding acquisitions, a small decrease of 2.8% compared with 2014 despite strong momentum in the second half, particularly in China.

Services: double-digit growth in engineering studies

Services activity generated sales of €27.7 million, up 4.5%, driven by a solid 14.8% increase in engineering studies, ESI Group's core business.

Geographical mix: good momentum in Asia

In 2015, the geographical split in sales reflected strong growth in Licenses activity in Asia and the Americas. Asia accounted for 36% of total sales versus 35% in 2014, and the Americas for 19% compared with 17% in 2014, whereas Europe made up 46% of sales, compared with 48%.

The BRIC countries accounted for 12.6% of sales in 2015, similar to the 2014 figure. Strong growth in Licenses activity in China was partly offset by ongoing economic difficult context in Russia.



2015 highlights

Further adoption by major customers

Booking rose sharply among major customers in the automotive sector, and in particular from high-profile strategic partners such as Volkswagen Group, Renault-Nissan and Honda. Thanks to its strongly disruptive Virtual Performance solution, ESI provides these customers with a unique multi-domain and multi-physics environment that enables them to virtually manufacture and assemble essential components using a single core model that captures the level of physical information needed to meet industrial and regulatory requirements.

Sector diversification

ESI has notably strengthened its positions in the aerospace, energy and heavy industry sectors. Companies in those sectors, subject to heavy competitive pressure and environmental constraints, have benefited greatly from ESI's solutions. In particular, ESI's sharply rising activities with the EDF group attest to the unique value that ESI can add in nuclear safety and to the development of new energy options, an area in which a strategic partnership has been signed with EDF Energies Nouvelles last year.

Success of the virtual reality solution

In 2015, the dynamic growth of the virtual reality solutions continued with new contracts signed with leading manufacturers in the aerospace and transport sectors, such as US helicopter manufacturer Sikorsky Aircraft Corporation and Bombardier, a world-leading player in aircraft and train production. ESI's virtual reality solution has also been widely used by Boeing, which has installed it at its new sites. The solution enables Boeing to improve its decision-making through globally distributed teams working collaboratively on an immersive, real-time virtual model.

Expansion of strategic positioning through recent acquisitions

In 2015, acquisitions of technological bricks, particularly in the internet of things (IoT) and cloud technology, have supported ESI's strategy of broadening the use of virtual prototyping with the intent of increasing its adoption within the industrial ecosystem.

In 0D-1D systems, the acquisition of ITI – whose expertise is recognised by major global industrial companies like Ford Motor Company, Honda, Siemens and Total – significantly extends the applications of ESI Group's virtual engineering solution. The acquisition will enable the Group to exploit commercial, geographical and sector synergies, while expanding its position within the product manufacturing cycle.



The external growth strategy deployed in 2015 is now enabling the Group to offer a virtual engineering platform that encompasses the various stages of developing an industrial product within an immersive, interactive 3D-4D environment; from concept to prototype production and regulatory pre-certification.

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2015 Full Year Results:

April 12, 2016

Needham Emerging Technology

Conference:

May 18-19, 2016 – New York (US)

Midcap Partners Forum:

June 3, 2016 - Paris

About ESI

[ESI](#) is a world-leading provider of Virtual Prototyping software and services with a strong foundation in the physics of materials and Virtual Manufacturing.

Founded over 40 years ago, [ESI](#) has developed a unique proficiency in helping industrial manufacturers replace physical prototypes by virtually replicating the fabrication, assembly and testing of products in different environments. [Virtual Prototyping](#) enables ESI's clients to evaluate the performance of their product and the consequences of its manufacturing history, under normal or accidental conditions. By benefiting from this information early in the process, enterprises know whether a product can be built, and whether it will meet its performance and certification objectives, before any physical prototype is built. To enable customer innovation, ESI's solutions integrate the latest technologies in high performance computing and immersive Virtual Reality, allowing companies to bring products to life before they even exist.

Today, [ESI](#)'s customer base spans nearly every industry sector. The company employs more than 1,000 high-level specialists worldwide to address the needs of customers in more than 40 countries.

[ESI](#) is listed in compartment C of NYSE Euronext Paris and is granted "Entreprise Innovante" (Innovative Company) certification since 2000 by Bpifrance. [ESI](#) is eligible for inclusion in FCPI (venture capital trusts dedicated to innovation) and PEA PME.

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