Full year 2008
Cegid confirms its earnings generation ability

EBITDA: €56.8M
Operating margin, ordinary activities: 12.6%
Net income: €17.4M

Consolidated figures. in € M*	2008	2007	Change
Sales **	248.5	241.1	+3.1%
EBITDA	**56.8**	**55.7**	**+1.8%**
Income from ordinary activities	**31.3**	**33.2**	**-5.6%**
Operating margin, ordinary activities	12.6%	13.8%	
Operating income	30.5	33.1	-7.9%
Net financial expense	- 5.5	-5.7	Nm
Net income (Group share)	**17.4**	**17.7**	**-1.8%**

** Unadjusted scope of consolidation*
*** Net effect of changes in the scope of consolidation over all of 2008: €+9.7 million*
2007: AS INFOR (1st quarter): €1.2 million; sale of the specialized hardware direct sales business and related services as of April 1, 2007: €-1.4 million;
2008: GD Informatique (April): €0.9 million; VCSTIMELESS (October): €3.8 million; Civitas (October): €5.2 million.
Sales for all of 2008 reflected the decline, unadjusted for changes in scope, of the "Hardware and installation" business of €4.5 million (€4.2 million at constant scope).

Profitability remained healthy

Despite significant deterioration in economic conditions in the second half of the year, Cegid continued to demonstrate its ability to generate earnings, posting an advance in EBITDA over the full year to €56.8 million.

Revenue from "Licenses and integration services" advanced by 6% unadjusted for changes in consolidation scope, overheads and operating costs were contained, gross profit increased by 4.6% and gross margin widened to 85.2%. These factors led to income from ordinary activities of €31.3 million, of which €1.6 million derived from companies acquired in 2008. Margin on ordinary activities was 12.6%, vs. 13.8% in 2007.

Good cash flow; sound financial structure

Cash flow after interest expense and taxes paid totaled €49.9 million, up from €48.4 million in 2007.

After taking into account the increase in working capital requirements of €6.7 million, of which €5.2 million reflected acquisitions in September 2008, net cash from operating activities stood at €43.2 million.

Gearing, the ratio of net debt (€83.2 million at December 31, 2008 and €59.5 million at December 31, 2007) to consolidated shareholders' equity (€155.1 million at December 31, 2008 and €156.1 million at December 31, 2007) was 53.6% at December 31, 2008.

Management reiterates that the Group has a €200 million confirmed line of credit available to it. The facility was granted in July 2006 for an initial term of five years, increased to seven years. This line of credit ensures the Group a drawdown capacity for the years to come. It will enable Cegid to repay the 2004 OBSAR bond, which came due on March 3, 2009, and to finance future investments, in particular related to acquisitions. Utilization under the facility totaled €43 million as of December 31, 2008.

Proposed dividend (€1 per share) maintained; yield rises

The Board of Directors will recommend that shareholders approve a dividend at their annual meeting of €1 per share on 2008 earnings. Based on the number of shares in circulation on March 2, 2009, less shares held in treasury, the total amount of dividends paid would be approximately €8.8 million.

The yield on Cegid Group shares would then be 12.6%, based on the share price at December 31, 2008 and 15.9% based on that of March 2, 2009.

After approval by shareholders at their annual meeting on May 12, 2009 at 11 AM at the head office of Cegid Group, 52 quai Paul Sédallian, 69009 Lyon, the dividend would be paid on May 19, 2009.

Outlook for 2009: Continued business development and business approach in line with uncertain economic conditions

The economic environment has deteriorated significantly since the second half of 2008. Nevertheless, Cegid enjoys numerous advantages as it pursues its business development:

- recognized areas of expertise and leadership positions owing to functional and industry-specific expertise (ERP, Finance and Taxation, Human Resources, Retailing, Manufacturing, Hospitality, Wholesaling-Services, Cleaning Services, CPAs and the Public Sector);
- a broad range of customers in terms of size and an unparalleled ability to address the needs of SMEs as well as mid-sized/large companies;
- an installed base of 80,000 customers who generate recurrent revenue in excess of €120 million, or more than 45% of total sales. This installed base represents significant potential for sales of complementary products and migration to new Cegid solutions and leads to very low concentration in accounts receivable;
- consolidation of acquisitions made at the end of September 2008 over a full 12-month period;
- the ability to adjust its cost profile to the level of business activity and expertise in integrating new companies.

In this context, Cegid's priorities for 2009 are focused specifically on:

- optimizing sales & marketing efforts by using a multi-channel approach based on local sales forces, distance selling, a network of value-added resellers and partnerships with consultants and integrators;
- accelerating distribution of "*On Demand*" (SaaS) solutions designed to respond to the needs of corporate customers. This usage mode is particularly well suited to current economic conditions, because it enables companies to continue modernizing their IT systems without having to deal with the financing question;
- distributing enterprise software in ASP mode and a package of on-line services to very small companies, offered in partnership with Groupama - Gan Assurances as part of the joint venture with Comptanoo and its www.comptanoo.com and www.club-comptable.com portals;
- pursuing its strategy of targeted acquisitions;
- offering Civitas' software solutions for the public sector, whose potential in terms of investment in IT systems will dovetail with the French government programs to modernize its operations at both national and local levels;
- extending the Group's international footprint by opening new offices.

Using these various strengths and its additional available resources, Cegid should be able in 2009 to demonstrate its ability to deliver good operating profitability even while preparing to take better advantage of a potential turnaround in economic conditions at the end of this year or during the course of next year.

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Calendar

First quarter 2009 sales will be published on April 9, 2009 after the market close. The full calendar of publication dates and upcoming events can be found at the following address: http://www.cegid.com/calendrier-financier

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