

Good operating performance in 2009 under difficult economic conditions



Consolidated sales resilient at **€248.5M**

Income from ordinary activities and cash flow estimates favorable and in excess of consensus

Consolidated sales: €248.5M

Consolidated sales	2009 (€ M)	2008 (€ M)	Change unadjusted scope	Change constant scope
First quarter	62.2	56.8	+9.4%	-3.1%
Second quarter	58.2	58.5	-0.4%	-12.0%
Third quarter	54.6	53.8	+1.4%	-9.5%
Fourth quarter	73.5	79.4	-7.5%	-7.5%
FULL YEAR*	248.5	248.5	-	-8.0%

* Net effect of changes in the scope of consolidation over the full year: €19.8M. Reminder: Civitas and VCSTimeless entered the scope of consolidation on October 1, 2008. Full-year 2009 sales reflected a decline, unadjusted for changes in scope, in the «Hardware and installation» business of €3.2 million (€4.5 million at constant scope).

For the full year to December 31, 2009, Cegid posted sales of €248.5 million, with significant improvement in the product mix. At constant scope, sales declined by 8%, reflecting a contraction in revenue from «Hardware and installation» of €4.5 million, or nearly 20%.

Revenue from «Licenses and Integration services» was down by 5% (down 14% at constant scope). This trend was favorable compared with that experienced by certain large enterprise software companies. Recurrent sales of nearly €121 million over all of 2009 represented 49% of total sales, vs. 45% in the previous year.

Fourth quarter: improvement in the trends observed in previous quarters.

Fourth quarter 2009 sales totaled €73.5 million (€79.4 million in Q4 2008), down 7.5%. Revenue from «Licenses and Integration services» was down by nearly 13%, reflecting an improvement compared with previous quarters.

Revenue from «Hardware and installation», a low value added activity, declined by 12% in the fourth quarter (down €1.0 million). This was consistent with the trends observed over the past three years.

In the last quarter of the year, new partnerships were signed in the following business sectors: Taxation - On Demand (Vinci), HR/payroll (Groupe Bordeaux Nord Aquitaine, Speedy France), ERP Wholesale - Services (FEL SA Gestion, Prowebce, CPE Lyon: École Supérieure de Chimie Physique Électronique de Lyon), Hospitality (La Mère Brazier, Lemon Hotels), Manufacturing (KSM, Senstronic) and Retailing (Eminence/Athena, Gruppo Randazzo, Les Lolitas).

Good earnings and strong cash flow generation estimated, in excess of consensus

Cegid has kept a lid on overheads and other operating expenses, while widening the gross margin further (more than 87% in 2009, vs. 85.2% in 2008). This should lead to consolidated EBITDA in excess of that of 2008 (€56.8 million).

After an increase of around €4 million in the amortization of development costs and other intangible assets acquired in the VCSTimeless and Civitas acquisitions of September 2008, the operating margin on ordinary activities should be equal to at least 11%. Lower outstanding debt and lower interest rates meanwhile reduced net financial expense. In the end, net income (after tax) is estimated to be near its 2008 level of €17.4 million.

(The figures included in this press release are consolidated, unaudited, preliminary estimates)

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Consolidated sales (€ M) Unadjusted scope	Q4	Full year	of which «Licenses and Integration services»	of which «Hardware and installation»
CPAs, small companies	2009: 32.1 2008: 33.5	102.9 111.7	35.3 42.2	13.2 14.6
Mid-market and groups	2009: 18.1 2008: 18.6	65.6 64.2	28.9 30.6	0.8 1.3
Vertical markets	2009: 17.6 2008: 20.0	62.2 59.9	32.1 32.6	4.7 5.9
Public sector	2009: 4.8 2008: 5.2	12.8 5.2	7.8 3.8	- -
Other	2009: 0.9 2008: 2.1	5.0 7.5	1.2 1.6	0.2 0.2
Total	2009: 73.5 2008: 79.4	248.5 248.5	105.3 110.8	18.9 22.0

These earnings and resulting cash flow, as well as very good results in the management of accounts receivable, should lead to a reduction in net debt of nearly €20 million to around €63 million at December 31, 2009. Year-end 2009 gearing should come in under 40% (54% at December 31, 2008).

Outlook for Cegid: Numerous advantages for pursuing business development under still-volatile economic conditions

Current economic conditions offer little visibility on a future recovery in France. To strengthen its market positions in this context, Cegid plans to rely on its sound business model, continued improvement in its product mix, rigorous management of operations and international expansion.

With numerous strengths that will help it benefit from any improvement in economic conditions, Cegid :

- has the profile of a specialized software provider with strong positions in its areas of expertise: ERP, Finance and Taxation, Human Resources, Retailing, Manufacturing, Hospitality, Wholesaling-Services, Cleaning Services, CPAs and the Public Sector,
- is highly skilled in portals and SaaS (On Demand) solutions,
- is developing new solutions for the agricultural sector, in insourcing or On Demand mode,
- has stepped up its international presence in the last few years, capitalizing on the acquisition of VCSTimeless and on partnerships with local integrators. Cegid is an international company that can accompany retailers on every continent and is becoming an international partner for the principal companies in this sector,
- has been successful in acquiring and integrating many companies into the Group. Cegid has financial resources available in the form of confirmed lines of credit.

Full-year 2009 earnings will be published on March 2, 2010 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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