Full year 2010

Strong business growth: Licenses (up 12%), SaaS (up 23%) and International (up 35%)

Growth in EBITDA: €60.4M (up 1.8%) and in net income: €19.3M (up 7.9%)

Unadjusted scope	2010 (€M)	2009 (€M)	Change 2010/2009
Sales [1]	249.6	248.6	+0.4%
EBITDA	**60.4**	**59.4**	**+1.8%**
Amortization of development costs	26.8	24.0	+11.7%
Income from ordinary activities	27.0	28.5	-5.2%
Operating income [2]	30.8	26.5	+16.1%
Net financial expense	-1.4	-2.5	+43.6%
Pre-tax income	29.4	24.1	+22.2%
Net income attributable to parent company shareholders	**19.3**	**17.9**	**+7.9%**

[1] Net effect of changes in the scope of consolidation over all of 2010: €0.9 million (Cegid Front RH was consolidated from July 1, 2010 and Axeteam from December 1, 2010). Sales for all of 2010 reflected a decline in the "Hardware and installation" business of €2.3 million, unadjusted for changes in the scope of consolidation.
[2] Includes the reversal of a provision for risks recognized in 2008 following a business combination, and the reversal of a portion of negative goodwill recognized following a business combination.

Strong business growth

For the fiscal year ended December 31, 2010, the Group posted sales of €249.6 million, with 12% growth in Licenses. Sales of software in SaaS mode (€16 million) grew faster than the market, rising 23% and making Cegid a major player in this market segment. Overall, revenue from the strategic software and SaaS businesses rose by nearly 13%.

Revenue from "Licenses and Integration services" remained at the same level as that achieved in 2009 despite weaker performance in Integration services.

Recurrent sales of €124 million represented 50% of total sales, the highest annual percentage ever. In particular, SaaS sales ramped up and the customer support business remained healthy.

Internationally, Cegid saw significant growth in the Retail segment, where sales advanced by 35%, excluding recurrent contracts.

Both EBITDA and Net income firmed

2010 saw healthy operating performance. EBITDA for the year was the highest ever at €60.4 million (€59.4 million in 2009).

Income from ordinary activities, which reflected certain non-cash items, including an increase of around €3 million in amortization of development costs, was €27.0 million, vs. €28.5 million in 2009. Operating margin on ordinary activities was 10.8% of consolidated sales.

After adding a non-cash, non-recurring profit deriving from business combinations, subtracting improved net financial expense and corporate income tax, net income was €19.3 million, up nearly 8% from the previous year (€17.9 million).

Reasonable gearing and a reinforced financial structure

Cash flow generated by the business stood at €57.3 million (€55.5 million in 2009). Cash flow after interest and tax paid totaled €48.2 million, vs. €53.8 million in 2009, the last remaining tax-loss carryforwards having been used in 2009.

Working capital requirements increased by €11.5 million, reflecting a combination of factors. Firstly, the base of comparison at December 31, 2009 was low because a new cash management solution had led to improved collection times. Secondly, several large invoices were issued at the end of 2010. As a result, net cash from operating activities stood at €42.5 million and financed the investments and acquisitions carried out during the year.

Gearing, the ratio of net debt (€67.9 million at December 31, 2010) to consolidated shareholders' equity was 39% at December 31, 2010, unchanged from a year earlier.

In November 2010, Cegid finalized the renewal of its medium-term bank financing, a €200 million syndicated line of credit extended by eight banks. This line of credit will gradually replace the syndicated line of credit arranged in July 2006. The new line has an initial term of five years, extendible to seven. Cegid thus has two syndicated lines of credit totaling €200 million from 2011 to 2013, which will gradually amortize beginning in 2014 until June 2017.

These lines provide a greater drawdown capacity, which the Group can use to finance its investment needs in the years to come, both in France and abroad.

March 2, 2011

Financial communication Cegid Group
52 quai Paul Sédallian
69279 Lyon Cedex 09
Tel: +33 (0)4 26 29 50 20
dirfin@cegid.fr
www.cegid.com

Stock market: Euronext Paris Compartment B
ISIN stock code: FR0000124703
Reuters: CEGI.PA
Bloomberg: CGD FP
ICB: 9537 Software
Small 90, Mid and Small 190, ITCAC and SBF 250

Proposed dividend: €1.05 per share

The Board of Directors will recommend a dividend on 2010 earnings of €1.05 per share to shareholders at their Annual Meeting. Based on the number of shares in circulation on March 1, 2011, less shares held in treasury, the total amount of dividends paid would be approximately €9.2 million.

The yield on Cegid Group shares would then be 4.6%, based on the share price at December 31, 2010 and 4.8% based on that of March 1, 2011.

After approval by shareholders at their Annual Meeting on May 19, 2011 at 11 AM at the head office of Cegid Group, 52 quai Paul Sédallian, 69009 Lyon, the dividend would be paid on May 26, 2011.

Cegid is strengthening its position in SaaS-mode software for associations

Cegid has acquired 100% of the shares of Innov'Adhoc (commercial name: Atalante), a provider and integrator of an enterprise solution for associations, trade unions and industry bodies.

By acquiring Atalante (sales of €0.3 million), Cegid has taken on new expertise that will stand it in good stead for becoming the leader in a market comprised of 500,000 associations, using a business model based on recurrent revenue (SaaS). Marc Gallien, Atalante's founder, and his team will join Cegid's "Entrepreneurs and associations" business unit.

This acquisition will enable Cegid to:

- step up growth in its SaaS-mode solutions,
- expand the Group's presence vis-à-vis associations that receive funding from local authorities, given Cegid's standing with the latter through Civitas and Visa Informatique,
- harness synergies from the Cegid-Groupama/Gan Assurances agreement,
- reap the benefits of accounting firm recommendations,
- provide solutions starting in 2011 for the new accounting and disclosure requirements incumbent upon hunting associations, trade unions and industry bodies.

Outlook: more organic growth and acquisitions

Following a period that saw a rise of generalist ERP vendors, the market is now trending toward specific expectations on the part of enterprise software users. Firstly, companies want solutions that provide a rapid return on investment and are designed especially for their line of business; secondly they want to take advantage of new usage modes that meet their needs for mobility and scalability and whose cost will not eat into their investment budget.

Against this background, Cegid has numerous strengths it can use to pursue growth both in France and abroad, by leveraging its:

- software provider approach, specialized around the Yourcegid vertical and function-specific product range, which has been very successful with large account customers,
- expertise in SaaS (On Demand) solutions,
- positioning as a comprehensive provider for Retail companies, which should lead to accelerated international growth,
- sound financial structure bolstered by €200 million in confirmed, five-year lines of credit (extendible to seven).

Cegid's positioning is in line with market expectations and to take advantage of this, Cegid will pursue a major investment program articulated around developing new product lines, strengthening its expertise in hosting and stepping up its multi-channel sales strategy. In 2011, Cegid is poised to demonstrate its ability to generate a favorable level of operating profitability and to take advantage of any economic recovery.

Calendar

First quarter 2011 sales will be published on April 7, 2011 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

March 2, 2011

The full year 2010 financial statements were approved by the Board of Directors on March 2, 2011. The Statutory Auditors have performed their audit and are preparing their reports to certify the financial statements.
The slide show of the March 3, 2011 information meeting will be available at the following address: http://www.cegid.com/slideshow

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