

# First quarter 2011 sales: €61.5 million (up 6%)

## Favorable new business performance

### Growth in sales

Consolidated sales in the first three months of 2011 totaled €61.5 million, up nearly 6% from the year-earlier period (up 2.3% at constant scope).

Increasing use of enterprise software in SaaS mode and the sales resulting therefrom boosted recurrent SaaS sales by 22% to €4.4 million (up 16% at constant scope). Q1 license sales totaled €7.3 million (€8.1 million in Q1 2010).

After taking into account other recurrent revenue, in particular software maintenance revenue of €24.6 million (up 6.6% unadjusted for changes in scope and 2.4% at constant scope), all recurrent revenue totaled €32 million in Q1 2011. This figure represented 52% of the total top line for the quarter, up 6.8% unadjusted for changes in scope. This growth served as validation that acquisitions carried out in 2010, principally in the public sector, were judicious and the acquired companies well integrated.

Revenue from strategic "Software and software-related services (SSRS)" activities totaled €37.5 million in Q1 2011, up 4.8% unadjusted for changes in scope (stable at constant scope).

Orders received near the end of 2010 and optimized planning drove an increase of nearly 15% in professional services revenue, unadjusted for changes in scope (up 10% at constant scope).

As a result, revenue from "SSRS and professional services" rose by 7.4%, unadjusted for changes in scope (3.4% rise at constant scope).

The "Hardware and installation" business posted sales of €7.4 million, a decline of around 3% (4.4% decline at constant scope).

### Growth in orders

As part of business development in the first quarter, new SaaS-mode contracts with a value of €5.5 million were signed (principally for 36 months). Revenue from these contracts will be recognized over the next few years, increasing the proportion of Cegid's recurrent revenue. This favorable level of orders reinforces the trend toward On Demand use of enterprise solutions and confirms Cegid's positioning in this delivery mode. License orders of around €8 million were equivalent to the level of Q1 2010.

Business was particularly brisk in the following vertical markets: Retail, Manufacturing, Hospitality, CPAs.

Consolidated sales (€ M) Unadjusted scope*		Q1	of which "SSRS and professional services"	of which "Hardware distribution and other"
CPAs, small companies	2011	23.4	19.6	3.8
	2010	23.1	18.9	4.2
Mid-market and groups	2011	17.0	16.5	0.5
	2010	16.3	15.7	0.6
Vertical markets	2011	15.5	13.2	2.2
	2010	14.3	12.3	2.0
Public sector	2011	4.8	4.7	0.1
	2010	3.3	3.3	0.0
Other	2011	0.8	0.0	0.8
	2010	1.0	0.1	0.8
<b>Total</b>	<b>2011</b>	<b>61.5</b>	<b>54.1</b>	<b>7.4</b>
	<b>2010</b>	<b>58.0</b>	<b>50.3</b>	<b>7.6</b>

\* The changes in the scope of consolidation reflect changes in the operational organization introduced in 2011.

Q1 consolidated sales (€ M)	2011	2010	2011 base 100	2010 base 100
Licenses	7.3	8.1	12%	14%
<b>SaaS</b>	<b>4.4</b>	<b>3.6</b>	<b>7%</b>	<b>6%</b>
Maintenance	24.6	23.0	40%	40%
Other	1.2	1.0	2%	2%
<b>Total Software and software- related services (SSRS)</b>	<b>37.5</b>	<b>35.7</b>	<b>61%</b>	<b>62%</b>
Professional services	16.6	14.6	27%	25%
<b>Total SSRS and professional services</b>	<b>54.1</b>	<b>50.3</b>	<b>88%</b>	<b>87%</b>
Hardware distribution and other	7.4	7.6	12%	13%
<b>TOTAL *</b>	<b>61.5</b>	<b>57.9</b>	<b>100%</b>	<b>100%</b>
of which recurrent	32.0	30.0	52%	52%

\* of which changes in scope: €2.1 million

## Favorable gross margin; breakeven point trend

The gross margin should come in at nearly 87.5% of sales (vs. 87.9% in Q1 2010).

The average monthly breakeven point of sales in the first quarter of 2011 should be €19.3 million and should reflect the following factors:

- the impact of companies acquired in 2010,
- an increase in depreciation and amortization (principally amortization of development costs averaging €0.3 million per month).
- increased staffing to support the expansion in Cegid's business.

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

### Financial communication Cegid Group

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## The market recognizes Cegid's function- and industry-specific strategy

### Finance and Human Resources

Cegid continued to develop its product line so as to respond to the new standards in finance and human resources. Specifically, Cegid now offers SEPA (harmonization of payment systems, conversion of third-party bank details) and N4DS (new electronic employment data transmission standards) solutions with features designed to help companies comply with the imposed deadlines.

In addition, Cegid has beefed up its stable of SaaS-mode solutions with the release of Yourcegid Talent, a solution forming part of the Yourcegid Human Resources range and designed to help SMEs and large companies manage their talent. Yourcegid Talent covers training, HR development, planning of future skills and staffing requirements, and all evaluation applications (management of annual performance reviews and evaluations).

### CPAs

Following on from 2010, a year in which SaaS-mode sales saw strong growth, Cegid continued to support accounting firms in the first quarter of 2011, introducing Cegid Expert On Demand and Quadra Expert On Demand, two hosted solutions, and a solution for managing the relationship between CPAs and their clients through collaborative platforms that now serve 13,000 small companies.

### Public sector

The Yourcegid Public Sector On Demand solution was recently honored at the 2011 Eurocloud France forum. Cegid was awarded the SaaS trophy for the best public sector customer success story for SICTIAM, an organization of computerized local authorities in the Alps-Mediterranean region.

### Retailing

Cegid brought together more than 400 customers of its Retail solutions – both decision-makers and users – from more than 40 countries on the occasion of the "Cegid Retail Connections 2011" forum in Lisbon.

Through this event, Europe's largest specialist retailing conference, Cegid was able to bring customers up to date on functional, technological and architectural enhancements to the Yourcegid Retail suite in the areas of cross-channel marketing, optimization and internationalization.

Several informal meeting areas provided an opportunity to present:

- the "Cegid Innovation Store", a new concept store displaying the latest technological, hardware and marketing innovations that are now available for boosting store performance;
- "Partners' Way", a range of innovations articulated around Cegid's technology and applications partners;
- the international center, showing all the configurations available for international versions of Yourcegid Retail solutions as well as all the international business partners;
- the Consulting Forum for raising questions related to implementation, configuration, organization, customization and training.

During the 2011 event the users' club "Cegid Retail Club" held its annual meeting and elected its Board members.

### Manufacturing

At the recent meeting of the Manufacturing users club, Cegid announced the creation of "M.I. Club". The objective of this new Yourcegid Industry users club is to bring together the users of the solution's three Manufacturing applications and foster communication among them. This event was also an opportunity to present new functional enhancements to respond to changes in the business lines the solutions cover.

### Paperless documents

Cegid is innovating in the field of automation for service activities. SCRIPT, Cegid's solution for automating attendance sheets and service reports, received the "e-Doc Award 2011" trophy for the most innovative solution for managing documents at the "Documation 2011" trade show. Documation is the premier event in the document management industry.

Cegid is adding ancillary services to its enterprise solutions that are necessary for efficient IT system deployment and plans to extend these services with the objective of improving relationships with its customers and with training organizations.

## Shareholders' Meeting and dividend

The Shareholders' Meeting will take place on May 19, 2011 at 11 AM at the head office of Cegid Group, 52 quai Paul Sédallian, 69009 Lyon, France. Subject to approval by shareholders, the proposed dividend (€1.05 per share) will be paid on May 26, 2011.

## Calendar

Second-quarter sales and first-half 2011 earnings will be announced on July 20, 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>

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