

First half 2011:

Favorable sales and results as Cegid continues to shift to SaaS-based business model

Consolidated sales: **€126.0M (up 5%)**

SaaS sales: **€9.4M (up 20%)**

EBITDA: **€26.5M**

Income from ordinary activities: **€9.0M**

Net cash from operating activities: **€26.4M**

First half sales: strong growth in SaaS-based sales

H1 consolidated sales in €M	2011	2010	2011	2010
Licenses	16.8	19.0	13%	16%
SaaS	9.4	7.8	7%	7%
Maintenance	49.5	47.2	39%	39%
Other	2.8	2.5	2%	2%
Total Software and software-related services (SSRS)	78.5	76.5	62%	64%
Professional services	32.3	27.8	26%	23%
Total SSRS and professional services	110.8	104.3	88%	87%
Hardware distribution and other	15.2	15.7	12%	13%
TOTAL	126.0*	120.0	100%	100%
of which recurrent	65.0	61.7	52%	51%

*of which changes in scope: €4 million

First half consolidated sales amounted to €126 million, up 5% at actual scope (1.7% at constant scope). First half activity reflected the shift in the market for enterprise solutions to SaaS-based (Software as a Service) products, with SaaS sales increasing by 20% (15% at constant scope).

As of June 30, 2011, SaaS contract revenues to be recognized before 2017 estimated to total more than €25 million, up 80% over the last 12 months (up almost 20% in H1 2011 alone). This strong growth in future revenues, coupled with a tight control over hosting costs, added value to Cegid's productive assets.

This very favorable performance represented a continuation of the trend in several Cegid products (CPAs, Payroll/HR, SMEs, Retail, etc.) and partnership solutions. It also confirmed Cegid's position as a major player in this business. In a market shifting toward the SaaS-based model, revenue from licenses decreased 11%, with an unfavorable basis effect, as a large number of licenses were sold in H1 2010, in particular for tax (CVAE), retail and public sector solutions. Service levels were high in the first half of 2011, as the Retail solutions sold in 2010 were implemented.

After taking into account recurrent revenue from software maintenance (€49.5 million, up 5% at actual scope, and up 1% at constant scope), revenue from strategic "Software and software-related services (SSRS)" activities totaled €78.5 million in H1 2011, up 2.5% at actual scope (down 1.3% at constant scope).

Revenue from training, consulting and deployment activities totaled €32.3 million, up 16% at actual scope and 13% at constant scope. This increase in revenue is attributable to the above-mentioned project roll-outs. It rose as sharply as it did because the order planning process was improved, and so subcontracting services were purchased, which in turn explains the decrease in the gross margin.

As a result, revenue from "SSRS and professional services" (€110.8 million) rose by 6.2%, at actual scope (2.5% rise at constant scope).

The "hardware and installation" business accounted for revenue of €15.2 million in H1 2011, down more than 3% compared to H1 2010.

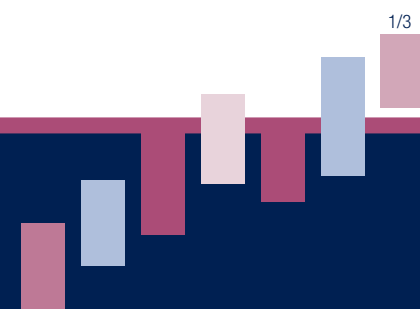
Finally, total recurrent revenue in H1 2011 (€65 million) accounted for 52% of total first half revenue, up 5.4% at actual scope. This growth served as validation that the recent acquisitions were judicious and the acquired companies well integrated.

Consolidated sales in €M, actual scope		Q2	Total H1 2011	of which "SSRS and professional services"	Dont "Distribution et divers"
CPAs, small companies	2011	22.9	46.3	38.1	8.2
	2010	22.2	45.3	37.2	8.0
Mid-market and groups	2011	18.0	35.0	34.1	1.0
	2010	19.2	35.6	34.4	1.1
Vertical markets	2011	17.8	33.3	28.8	4.4
	2010	16.3	30.6	26.0	4.6
Public sector	2011	5.3	10.0	9.6	0.3
	2010	3.3	6.6	6.6	0.0
Miscellaneous	2011	0.6	1.4	0.2	1.3
	2010	1.0	1.9	0.1	2.0
Total	2011	64.6	126.0	110.8	15.2
	2010	62.0	120.0	104.3	15.7

Financial communication Cegid Group

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Bloomberg: CGD FP
ICB: 9537 Software
Small, Mid and Small, All-Tradable and ITCAC



First half 2011 results

As a reminder, operating income for H1 2010, and consequently pre-tax income and net income included the reversal of a €2 million provision for risks recognized in 2008 in connection with a business combination.

in €M	H1 2011	H1 2010	Change in %
Sales	126.0	120.0	+5.0%
EBITDA	26.5	26.7	-1.0%
Income from ordinary activities	9.0	9.4	-3.9%
Operating income	9.0	11.6	-22.3%
Net financial expense	-0.9	-0.6	-61.6%
Pre-tax income	8.1	11.1	-26.5%
Income tax	3.1	3.9	-19.3%
Net income (Group share)	4.8	7.0	-32.0%
Net cash from operating activities	26.4	16.8	1.6x

(Percentages may have been calculated on the basis of non-whole numbers in thousands of euros and may therefore be different from percentages calculated using whole numbers)

The gross margin, including the purchase of services, allowing for greater variability of operating costs, totaled 86.5% of revenue in the first half of 2011 (87.5% of revenue in the first half of 2010).

Over the last 12 months, Cegid acquired companies promising high return on investment, but whose profitability did not match Cegid's. The changes in scope led to an increase in operating costs, which were kept well under control. This coupled with the gross margin enabled Cegid to post EBITDA of €26.5 million in the first half of 2011 (€26.7 million in H1 2010).

After another increase in depreciation and amortization on development costs and on assets identified during acquisitions (up €1.7 million compared to H1 2010 and up €2.4 million compared to H1 2009), income from ordinary activities stood at €9.0 million (€9.4 million in H1 2010 and €8.6 million in H1 2009).

The operating income of €9.0 million in H1 2011 is not comparable to that of H1 2010, which included a €2 million reversal of a provision for risks recognized in 2008 in connection with a business combination.

Net financial expense totaled €0.9 million (€0.6 million in H1 2010), the variation being attributable to an increase in interest rates and fluctuations in the EUR/USD exchange rate.

Corporate income tax expense amounted to €3.1 million (€3.9 million in H1 2010) and the share from equity-accounted companies totaled €0.2 million (€0.2 million in H1 2010).

Consolidated net income in H1 2011 was thus €4.8 million (€7.0 million in H1 2010, which included the reversal of a provision for risks, after taxes, as mentioned above).

In H1 2011, the average monthly breakeven was €19.3 million (€18.2 million in H1 2010). This increase reflected changes in scope (€0.6 million)

and an increase in depreciation and amortization of development costs and other assets identified during acquisitions (€0.4 million). Excluding these elements, the average monthly breakeven was at a comparable level to that of H1 2010 and H1 2009.

Growth in net cash from operating activities and improved gearing

An increase in cash flow generated by the business before taxes and interest paid (€26.2 million in H1 2011 vs. €25 million in H1 2010) reaffirmed the robustness of Cegid's business model and the carefully managed changeover from the on-premises business model to the SaaS-based model. In H1 2011, net cash from operating activities amounted to €26.4 million vs. €16.8 million in H1 2010 (up nearly 60%).

Gearing, the ratio of net debt (€72.8 million at June 30, 2011) to consolidated shareholders' equity (€169.8 million at June 30, 2011), stood at 43% at June 30, 2011, improving on 45% at June 30, 2010 following the financing of €9.2 million in acquisitions made over the last 12 months.

Pursuit of strategic investments largely oriented towards SaaS-based solutions

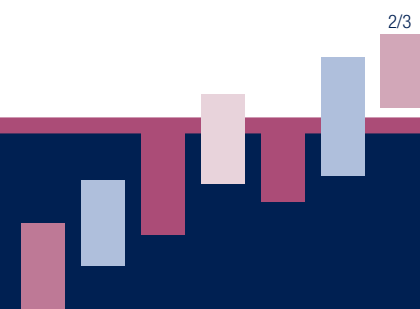
In H1 2011, Cegid continued its strategic investment program oriented towards SaaS-based solutions:

- For the accounting profession with the acquisition of 21S, a provider of fully web-based software solutions, enabling Cegid to step up its capacity to offer CPAs and their customers new, innovative collaboration services in SaaS mode. Today, some 15,000 small companies are connected to this platform.
- For associations with the acquisition of Innov'Adhoc (commercial name: Atalante), a provider and integrator of a management solution for associations, trade unions and industry bodies. Upon acquisition, Atalante joined Cegid's "Entrepreneurs and associations" business unit, a new division specializing in solutions for entrepreneurs, small companies, craftspeople, merchants, freelancers and associations.

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Orange Business Services recently took advantage of Cegid's investment in SaaS solutions, integrating Yourcegid On Demand into its own solutions. Yourcegid On Demand will be progressively made available through Orange Business Services' cloud-ready network—Business VPN Galerie, the world's first hub linking corporate VPNs to the world of cloud services, ensuring security, performance, availability and high-quality service 24/7.

The Yourcegid Public Sector On Demand solution was recently honored at the 2011 Eurocloud France forum. Cegid-Civitas 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.

Finally, at the 2011 Cegid Education Forum, Cegid announced that it had teamed up with Microsoft to integrate the Cegid Education program solutions into Live@edu, Microsoft's cloud platform for free messaging, storage and document sharing services.

Cegid Public is formed

Cegid recently formed a new subsidiary, Cegid Public, bringing together the businesses and solutions of Civitas and Visa Informatique, acquired in September 2008 and December 2010 respectively.

At present, the new entity has 200 employees, generates sales of €22 million and has 4,000 customers, including nearly 400 municipalities and public institutions that use Yourcegid Public Sector On Demand solutions, a unique SaaS-based solution for the public sector.

Cegid to leverage its numerous advantages as it pursues its business development

Cegid plans to pursue its investment program by developing new, mainly SaaS-based solutions, by strengthening its expertise in cloud computing through partnerships that broaden its ecosystem and by accelerating its multi-channel business strategy. Cegid should succeed in proving its capacity to address the new challenges regarding how its solutions are used, and in turn generate satisfactory operating profits.

The full calendar of publication dates and upcoming events can be found at the following address: <http://www.cegid.com/calendrier-financier>

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;
- strong skills in SaaS (On Demand) solutions marketed by Cegid or its partners as part of a cloud computing solution;
- positioning as a comprehensive provider for Retail companies, which should lead to accelerated international growth;
- sound financial structure, bolstered by €200 million in confirmed, four-year lines of credit (extendible to six).

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