

First half 2012:

Robust growth in SaaS solutions and increase in recurrent sales

Growth in sales, excluding public sector business

In a difficult economic context, EBITDA remained stable, while operating income was impacted by depreciation, amortization and provisions and by unfavorable trends in the public sector.

Sales: continued trend towards more recurrent SaaS revenue

H1 consolidated sales in €M	2012	2011	Change
Licenses	14.5	16.8	-14%
SaaS - On Demand	12.2	9.4	+30%
Maintenance	50.5	49.5	+2%
Other	2.2	2.7	-18%
Total Software and software-related services (SSRS)	79.4	78.5	+1%
Professional services	30.2	32.3	-7%
Total SSRS and professional services	109.6	110.8	-1%
Hardware distribution and other	15.7	15.2	+3%
TOTAL	125.3	126.0	-1%
of which recurrent	68.2	65.0	+5%

Consolidated sales for the first half of 2012 totaled nearly €125.3 million, slightly below that of the year-earlier period. Excluding the impact of unfavorable developments in the public sector business, revenues advanced by nearly 2%.

First half sales were characterized by strong growth in the first quarter of 5.7% compared with Q1 2011, followed by contraction of 6.5% in the second quarter, as sales of licenses and services declined significantly. Economic conditions deteriorated sharply beginning in May and as a result, orders were postponed in all business sectors.

Despite this background, SaaS - On Demand revenues continued to rise (up 30% over all of H1), enabling SSRS revenues to post a slight increase of 1.2%. Revenue from recurrent contracts of €68.2 million were up 5% compared with H1 2011 and represented 54% of total first half sales.

As of June 30, 2012, SaaS contract revenues still to be recognized before 2017 were estimated at nearly €35 million, up 44% since January 1, 2012 and strengthening Cegid's strategic orientation towards more recurrent revenue.

Revenue from the "Hardware distribution and other" business advanced by 3% to €15.7 million, or 12% of total sales. Business was brisk in antivirus solutions and support services related to implementation of SaaS-mode solutions.

Internationally, Cegid saw continued expansion with sales (excl. recurrent contracts) rising 13%, essentially in the Retail sector.

Consolidated sales (€M) Unadjusted scope*	Q2	H1 total	of which "SSRS and professional services"	of which "Hardware distribution and other"
CPAs, small companies	2012 22.1	47.8	39.1	8.7
	2011 22.8	46.3	38.1	8.2
Middle market and groups	2012 15.4	32.5	31.8	0.7
	2011 18.0	35.0	34.1	1.0
Vertical markets	2012 18.9	35.9	30.9	5.1
	2011 17.9	33.3	28.9	4.4
Public sector	2012 3.4	7.5	7.5	0.0
	2011 5.3	10.0	9.6	0.3
Miscellaneous	2012 0.7	1.6	0.3	1.2
	2011 0.6	1.4	0.1	1.3
Total	2012 60.5	125.3	109.6	15.7
	2011 64.6	126.0	110.8	15.2

* Changes in the scope of consolidation reflect changes in the operational structure that took place in 2012. In particular, the activities related to the Trading and Services sectors were transferred from "Middle market and groups" to "Vertical markets" (€2.7 million).

Financial communication Cegid Group

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

Results

in €M	H1 2012	H1 2011	Chg in %
Sales	125.3	126.0	-0.6%
EBITDA	25.7	26.5	-2.8%
Income from ordinary activities	6.0	9.0	-33.9%
Operating income	6.0	9.0	-33.9%
Net financial expense	-1.5	-0.9	-61.8%
Pre-tax income	4.5	8.1	-44.6%
Income tax	-1.7	-3.1	-46.2%
Net income (Group share)	2.5	4.8	-46.6%
Net cash from operating activities*	19.7	26.4	-25.4%

*Cash derived from the business

The gross margin was 86.3% of sales in H1 2012 (86.5% in H1 2011). This margin level, combined with a tight grip on operating expenses, enabled Cegid to achieve EBITDA of €25.7 million in H1 2012 (€26.5 million in H1 2011), even though business slipped in the second quarter as a result of the challenging economic conditions.

Income from ordinary activities totaled €6.0 million in H1 2012 (€9.0 million in H1 2011), for several reasons. During the first half of 2012, the new international sales and services facilities opened in Brazil, the United Arab Emirates and Russia generated certain expenses. Amortization of capitalized development costs rose again, as did depreciation of assets identified during business combinations and of IT system and customer portal investments (up €0.9 million vs. H1 2011). Finally, for reasons of conservatism, various provisions were recognized to take account of the economic situation, in particular with regard to the public sector (€1.3 million).

Net financial expense was €1.5 million (€0.9 million in H1 2011) and reflected several factors. On the one hand, net interest expense declined, as debt was comparable to that of H1 2011, but interest rates were lower. On the other hand, a provision for impairment was recognized against non-current investments and a charge was taken against hedging instruments as part of IFRS restatement.

Corporate income tax expense amounted to €1.7 million (€3.1 million in H1 2011), and the share of income from equity-accounted companies totaled €-0.3 million, a level comparable with that of H1 2011. As a result, consolidated net income for H1 2012 totaled €2.5 million (€4.8 million in H1 2011).

In H1 2012, the average monthly breakeven* was €19.7 million (€19.3 million in H1 2011). This increase reflected the rise in amortization costs and various provisions, with a monthly total averaging €0.4 million. Excluding these items, the average monthly breakeven would be equivalent to that of the first half of 2011.

*estimated, unaudited average monthly breakeven.

Net cash from operating activities and firm financial structure

Net cash from operating activities: €19.7 million (€26.4 million in H1 2011). Gearing, the ratio of net debt (€74.0 million) to consolidated shareholders' equity (€173 million) remained stable as of June 30, 2012 at 42.8% (42.9% at June 30, 2011).

Cegid has two syndicated lines of credit totaling €200 million, of which €125 million was available as of June 30, 2012. The Group's banks have now agreed to extend availability for €140 million under the second syndicated line from July 1, 2015 to July 1, 2016, thus demonstrating increased confidence in Cegid's growth.

These lines provide Cegid with a significant drawdown capacity for future years, which it can use to finance its investment needs, in particular acquisitions.

Acquisition of TDA: complementary "On Demand" software focused on personnel and finance issues for the accounting profession and corporate users

Cegid Group has acquired TDA International, a provider of solutions developed in full-web mode for the accounting profession and its SME customers.

Leveraging the success of its SaaS-mode solutions, Cegid is beefing up its ability to offer new advisory products in "On Demand" mode in the areas of personnel management (employee savings, pension commitments, independent professionals, personnel audits, etc.) and finance (reporting, sectoral comparison, forecasting, valuation, etc.) for the accounting profession and corporate users.

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Thierry Sakref, founder and chief executive of TDA International will join Cegid along with his staff of 35 people.

With the acquisition of TDA International (€2.0 million in sales), whose customers include 1,100 CPAs and 900 other companies, Cegid also strengthens its full-web technological and functional expertise.

Allying TDA with Cegid will enable it to showcase its new full-web SaaS solutions in finance and personnel management at the CPAs convention in Paris on October 3-5, 2012. These solutions will gradually be integrated into the Cegid Expert and Quadra Expert suites. They will constitute new "On Demand" tools to help accounting professionals develop new business in personnel management and advisory services.

TDA International's solutions will be offered via all of Cegid's sales channels and in particular on the Wexperandyou portal and the CegidStore e-commerce site.

Clear advantages and a business approach in line with current economic conditions

The strategy developed by Cegid, which has significantly augmented the recurrent nature of its sales over the past few years, should enable it to be resilient in the face of today's very unfavorable economic environment and to take advantage of any improvement therein.

In the near term, however, the Group has implemented action plans aimed at reducing its operating expenses, so as to be ready for possible further deterioration in economic conditions.

With its new, innovative solutions for mobility in the retail industry and in human resources and with its new tax and reporting solutions, Cegid has numerous strengths it can use to pursue its expansion in the years to come, both in France and abroad:

- Cegid is specialized by business sector (Manufacturing, Services, Trading, Retail, Hospitality, CPAs, Associations, Entrepreneurs, Public sector) and by functional expertise (Finance, Taxation, Performance Management, Human Resources). It is in phase with companies wanting to modernize their business processes through targeted investments rather than via a complete overhaul of their IT systems.
- Cegid's sales are spread among eight business lines and, depending on the business, over companies of all sizes (SMEs, large companies and corporate groups).
- Cegid has an international presence in retailing that will gradually be extended to high-potential countries (Brazil, United Arab Emirates, Russia) and in the manufacturing sector.
- Cegid is positioned as a key player in SaaS (On Demand) solutions, in line with growing market demand for these services.
- Cegid is increasing its presence in cloud computing through strategic partnerships such as with IBM France, Orange Business Services (Yourcegid On Demand) and Microsoft. Under the IBM France agreement, Cegid will offer a private cloud based on the Infrastructure-as-a-Service (IaaS) model.
- Cegid has an installed base of more than 100,000 customers, including 25,000 small company SaaS-mode users.
- Cegid's professional staff have developed in-depth knowledge over many years in the industries and functions Cegid targets.

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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