

THIRD QUARTER 2014

ROBUST GROWTH IN SALES



SaaS sales: up 23% (€12.1M)

SSRS sales: up 6% (€44.1M)

Total sales: up 4.8% (€59.8M)

FIRST NINE MONTHS OF 2014

SaaS sales: up 25% (€34.9M)

SSRS sales: up 5.5% (€135.3M)

Total sales: up 2.5% (€190.6M)

Further increase in SaaS/On Demand sales (up 23%) and robust growth in SSRS sales in Q3 (up 6%)

Consolidated sales (€ M) Unadjusted scope*	Q3 2014	Q3 2013	Change Q3	9 mos. 2014	9 mos. 2013	Change 9 mos.
SaaS	12.1	9.8	23.5%	34.9	27.9	25.2%
Licenses	6.0	5.6	8.0%	21.6	21.5	0.5%
Maintenance	25.0	25.2	-0.9%	75.5	75.7	-0.4%
Other	1.0	1.0	0.4%	3.3	3.2	5.8%
Total Software and software-related services (SSRS)	44.1	41.6	6.0%	135.3	128.3	5.5%
Professional services	10.3	10.0	3.1%	38.5	38.8	-0.9%
Total SSRS and professional services	54.4	51.6	5.4%	173.8	167.1	4.0%
Hardware distribution and other	5.4	5.5	-1.8%	16.8	18.7	-10.4%
Total	59.8	57.1	4.8%	190.6	185.8	2.5%
of which recurrent	38.9	37.3	4.2%	116.4	110.8	5.1%

* Effect of changes in the scope of consolidation in the third quarter: €-0.8 M.

Third quarter 2014

Third quarter sales totaled €59.8 million and saw robust growth (4.8% at unadjusted scope and 6.2% at constant scope), confirming Cegid's better-than-expected performance in the software and software related services (SSRS) market. Cegid had already outperformed in the first half of the year.

The continued advance in SaaS sales (up 23.5%) was the driver behind this growth.

Notwithstanding structural change in Cegid's business model, where revenues are becoming increasingly recurrent, revenue from Licenses (€6.0 million) posted strong growth (8%), thereby strengthening Cegid's ability to efficiently manage the gradual merging of the license mode with cloud services.

As a result, Cegid's strategic SSRS businesses grew 6% in the third quarter to €44.1 million.

Recurrent sales (€38.9 million), including revenue from software and hardware maintenance contracts, portals and SaaS contracts, represented nearly 65% of total sales.

Revenue from "SSRS and professional services" (€54.4 million) advanced by 5.4%, with services revenue of €10.3 million up slightly (3%) compared with Q3 2013.

Sales of the non-strategic "Hardware distribution and other" business totaled €5.4 million, or 9% of total sales, and were comparable to their Q3 2013 level.

Financial communication Cegid Group

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First nine months of 2014

Cegid's sales in the first nine months of the year totaled €190.6 million, vs. €185.8 million in the year-earlier period. Sales of software and software-related services (SSRS) amounted to €135.3 million, rising 5.5%.

Sales of SaaS contracts (On Demand solutions, employment/tax filing portals) rose again, by 25.2% to nearly €35 million, confirming Cegid's position as France's principal player in cloud-based B-to-B solutions. The value of active SaaS contracts as of October 1, 2014 was nearly €105 million⁽¹⁾, up €7.6 million from July 1, 2014.

Recurrent sales (€116.4 million), which include revenue from software and hardware maintenance contracts, portals and SaaS contracts, represented more than 61% of total sales, up 5.1% from the first nine months of 2013.

Internationally, Cegid saw continued expansion with sales rising 20%, essentially in the Retail sector, i.e. at a faster rate than in the Group as a whole.

(1) Value of SaaS contracts, defined as active contracts as of October 1, 2014 extrapolated over their remaining lifetime for fixed maturity contracts and over 36 months generally for automatic renewal contracts, taking into account the previous year's churn rate (internal, unaudited figures).

Consolidated sales (€ M) Unadjusted scope*		Q3	9 mos. ended Sept. 30	of which "SSRS and professional services"	of which "Hardware distribution and other"
CPAs, small companies	2014	23.9	74.6	64.8	9.8
	2013	22.8	70.8	60.6	10.2
Mid-market and groups	2014	15.7	49.0	48.2	0.8
	2013	14.7	48.0	46.9	1.1
Vertical markets	2014	16.2	53.1	48.1	5.0
	2013	15.6	53.6	47.7	5.9
Public sector	2014	3.5	12.0	12.0	0.0
	2013	3.4	11.6	11.6	0.0
Miscellaneous	2014	0.5	1.9	0.7	1.2
	2013	0.6	1.8	0.3	1.5
Total	2014	59.8	190.6	173.8	16.8
	2013	57.1	185.8	167.1	18.7

* Changes in the scope of consolidation take into account any alterations in the operational organization and effect of changes in the scope of consolidation in the third quarter: €-0.8 M.

Good control of breakeven point / Improvement in financial structure

The gross margin (87.4% of consolidated sales, 88.5% in the first nine months of 2013), principally reflected the normal increase in purchases related to the cost of providing SaaS solutions, in line with the growth in the SaaS business, and related to service activities outsourced to integration partners.

A tight grip on operating expenses led to a reduction in the average monthly breakeven point to €18.1 million in the first nine months of 2014 (€18.3 million in the first nine months of 2013).

First-half 2014 cash flow, plus the third quarter amount, together with a change in working capital requirements in Q3, led to net financial debt of €53.3 million, down €9.8 million from €63.1 million as of September 30, 2013.

As of September 30, 2014, Cegid had a syndicated line of credit totaling €170 million, of which €115 million was available. This line provides Cegid with a significant drawdown capacity for future years, which it can use to finance its investment needs. Between 2015 and 2017, it will be amortized annually on June 30.

Innovation picked up speed in 2014 with the launch of new products and services

The MOBICLO™ concept (MObility, BI and CLOud) incorporates the new ways people use software into Cegid solutions, in particular in the following areas:

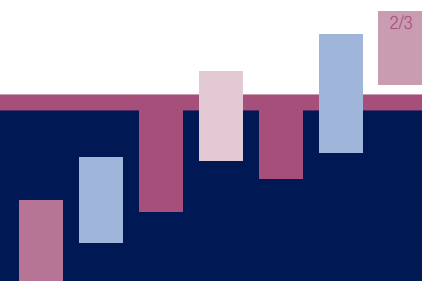
- Payroll/Human resources: Cegid was the first provider ready to respond to the new nominative employee filing (DSN⁽¹⁾) requirements aimed at simplifying the process of filing payroll information. In HR, Cegid has launched the "Talent management" solution, aimed at meeting the challenges of transformation that human resources departments must manage,
- Public Sector: "Channel", the first fully SaaS-based portal dedicated to small local authorities,
- Retail: a new point-of-sale digitization offering for developing the customer experience. The Retail business' Yourcegid Retail Mobile Clienteling Y2 solution was awarded "**Gold special mention**" by the Equipmag jury,
- Business Intelligence has become Business Analytics, with solutions that transform data into management information. Yourcegid Retail Intelligence Y2, which transforms all customer and sales data into indicators and interactive dashboards, was also recognized at the Equipmag tradeshow, receiving a "**Bronze special mention**" from the jury. Cegid's solutions now offer dashboards with more than 300 industry-specific indicators in the Group's various areas of expertise: finance, taxation, HR, manufacturing, trade and services, the accounting profession and the public sector.

(1) The new legislation will be implemented progressively on a voluntary basis between now and January 1, 2016, but certain companies and accounting firms are likely to be required to adhere to it by July 2015. Learn more about Cegid's "DSN" solution at cegid.fr (in French): http://media.cegid.com/media/webcast/rh/Comprendre_Anticiper_la_DSN/Declaration_Sociale_Nominative.html

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Cegid presents a series of innovations at the 69th Congress of the Order of French CPAs

At the 69th Congress of the Order of French CPAs, held October 8-10, 2014 in Lyon, Cegid presented "Innovation Lab", dedicated to the technological innovations in its solutions for the accounting and consulting professions. More than 1,400 accounting firms use SaaS-based services provided by Cegid, France's leading cloud services provider for the accounting profession:

- **"Cegid Box"**, a new service integrated into the collaborative supplier invoice and bank statement digitalization portal,
- **"The Mobile Office"**, mobile accounting solutions,
- **The "TDA Consulting Lab"**, innovative solutions from the TDA range aimed at supporting accounting firms as they transition toward consulting assignments, via a set of services and software,
- **SUIVclick** to help SME executives and their CPAs and consultants create forecasts and analyses.

Strategic partnership between Cegid and Microsoft: "Cloud to Cloud" with "Office 365 for Cegid"

Cegid has signed an innovative agreement giving users of Cegid solutions secure access to all of the online services of Microsoft Office 365 in addition to their Cegid enterprise solutions as part of Cegid's private cloud (access to the Microsoft Office suite, online services to simplify collaborative work, exchange of documents and information).

Outlook

Given the highly-recurrent nature of Cegid's revenue, driven largely by growth in SaaS, Cegid's innovation momentum, as well as the implementation of action plans aimed at pooling resources and rationalizing product and service ranges, Cegid can confirm its target of revenue and earnings growth in 2014 compared with 2013.

Calendar

The full calendar of publication dates and upcoming events can be found at the following address:

<http://en.cegid.com/financial-calendar>

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

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