

ALLIANCE BETWEEN CEGID AND TECHNOMEDIA (CANADA, USA, EUROPE, HONG KONG) – ERRATUM (*)

Cegid moves into the strategic People Management market and cements its position as a major SaaS HR solution provider in France and worldwide

Cegid has formed an alliance with Technomedia (Canadian firm with locations in the USA, Europe and Hong Kong, owned by its founder Alain Latry and private equity firm Novacap), the company behind an international SaaS Human Capital Management software suite for the private and public sectors. This merger forms part of Cegid's growth strategy in the HR sector, further cementing its international expansion.

From administrative management to strategic People Management: a key transformation challenge for HR Departments

The new group formed by the alliance between Cegid and Technomedia will give businesses and public sector entities the tools they need to make a key transformation, from “administrative management” (based around payroll and social security contributions), to strategic People Management.

A fast-growing market

...stimulated by innovation...

According to Gartner⁽¹⁾, the estimated value of the global People Management solution market (licences and SaaS) stands at US\$ 3.4 billion and is growing at a rate of 17% per year. This growth is being driven primarily by the emergence of People Management-oriented solutions, in which employees are the focal point of the HR management process and where greater emphasis is placed on new practices such as mobility, social media, big data and the Cloud.

... Cloud-oriented...

Major progress has already been made in Cloud-based systems, and businesses naturally see this approach as an essential part of their digital transformation. The Cloud enables organisations to deploy new technologies and innovative services quickly and without heavy capital investment. According to CXP (2015 European IT market trends survey), SaaS, IaaS and PaaS technologies are experiencing strong growth in 2015, with 30 % growth in SaaS, 42 % in public IaaS, 47 % in PaaS and 44 % in Cloud consulting and integration services.

... and increasingly globalised

Historically, the market has remained largely domestic in nature, with the emphasis placed on payroll and administrative management, and with solutions tailored to the specific and often complex requirements of local

Financial communication

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laws and regulations. However, the current move towards SaaS People Management systems gives HR Departments access to new, innovative, integrated and international solutions that cover all aspects of the employee's life cycle within the enterprise, from internal and external talent detection through to remuneration policy management.

Technomedia: a truly global SaaS People Management player

Technomedia was founded in 1996 by Alain Latry, its current CEO. The company's head office is based in Montreal (Canada). It develops comprehensive People Management solutions, featuring a multilingual suite of SaaS applications that give large enterprises, businesses and public sector organisations the HR tools they need to attract, recruit, motivate and assess talent.

Technomedia has locations in Canada, the USA, Europe (France and Germany), and Asia (Hong Kong). It employs around 150 people and its turnover, which has been rising steadily in recent years, comprises 73% recurring revenue (SaaS On Demand).

Technomedia works with hundreds of customers including large enterprises and groups across a variety of sectors such as manufacturing (Altran, Areva, Bombardier Transport, Burlington Coat Factory, EDF, Legrand, Sony and Turbomeca), services (AAA Auto Club, ExterionMedia, GEFCO, ManpowerGroup, La Poste, RATP, Tüv Süd and Unisys), distribution and hospitality (Aelia, Alain Ducasse Entreprise, Caesars Entertainment, Eddie Bauer, DICK'S Sporting Goods and Golden Coral), and banking and insurance (BPCE, Banques Populaires, Caisses d'Épargne, Natixis, Crédit Agricole, Crédit Mutuel Arkea, Desjardins, Generali, Groupama, LCL and Scotiabank), as well as public sector entities (Banque de France, Government of Quebec, Loto-Québec, Montreal City Council and Paris City Hall). Technomedia's solutions are used in more than 70 countries and 60% of its business is located in North America (Canada and USA), with France and Germany accounting for the majority of its remaining activity.

An SaaS People Management solution that has earned international recognition

The Gartner Magic Quadrant

For the second year running, Technomedia's solutions have been included in Gartner's "Magic Quadrant for Talent Management Suites". This recognition reflects the quality of Technomedia's international deployment strategy and the consistent quality of its products, such as its new HR management solution.

It also means that Technomedia's suite meets the criteria for the "Magic Quadrant for Talent Management Suites", as a solution that helps "enterprises manage the key workforce processes of plan to source, acquire to onboard, perform to reward and assess to develop", in a market where there is a growing trend for "HR + Talent Management" functions to be combined within a single platform.

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Aragon Research Globe for Enterprise Learning 2015

Also for the second year running, Technomedia has been ranked as an Innovator by the Aragon Research Globe for Enterprise Learning 2015. This award, presented by the US firm which specialises in new technologies, was given to Technomedia in recognition of the innovative features of its Learning Management System (LMS).

The firm also received recognition for its Smart Assistant, a “personal assistant” solution that can be used to monitor talent streams and training activities within an organisation, and provides alerts to managers and employees whenever specific action is required.

Training Industry’s “Top 20 Learning Portals for 2015”

For the fourth consecutive year, Technomedia features in Training Industry’s “Top 20 Learning Portals for 2015”, for its training solutions (LMS platform).

Cegid/Technomedia: a leading provider of SaaS HR solutions for large enterprises, Middle-Market companies and the public sector

The alliance between Cegid and Technomedia is a truly unique coming-together, combining two leaders in their respective fields to target the People Management market. The two entities will pool their expertise and existing customer bases in a transatlantic alliance with an intimate knowledge of market potential in their respective regions of the world.

The new group will have a team of more than 560 people working exclusively in the HRIS and People Management sectors, located in France, North America and Asia. With established offices and integrator partner networks worldwide, the group will be well-placed to pursue its international growth objectives.

Through this pooling of expertise, Cegid/Technomedia will develop a brand new range of People Management solutions for the middle market. The new offering will be rolled out on a gradual basis from the second half of 2016.

Technomedia companies will retain their status as subsidiaries of Cegid and will be led by Technomedia’s founder and CEO, Alain Latry. “The obvious sales synergies between Technomedia and Cegid represent considerable potential for our respective solutions,” explained Alain Latry. “Our alliance with Cegid Group paves the way for ambitious new innovation projects and the scheduled development of a dedicated Middle-Market offering.”

“Our alliance with Technomedia represents a change of pace in Cegid’s strategy,” added Patrick Bertrand, Cegid’s CEO. “It marks a major milestone in our international growth plan, and cements our position as a leading provider in the HR sector, with one of the largest and best ranges of solutions on the market. It also strengthens our position as a major player in SaaS solutions.”

According to Jean-Michel Aulas, Cegid’s founder and Chairman, this alliance is a key turning point in the company’s growth, both in France and worldwide. “Cegid has made a clear statement of its intention to support businesses through the digital transition and to help them grow internationally,” explained Jean-Michel Aulas. “It gives me great pleasure to welcome our colleagues from Technomedia to the group. Our new partner has proven expertise in the strategic HR management sector and this alliance will give a further boost to our own international expansion.”

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Cegid + Technomedia: a merger that leverages the SaaS model and boosts recurring revenue

The alliance will help Cegid to deliver 100% SaaS, proven and ultra-secure solutions used by millions of employees across the globe.

Based on Cegid's accounts as at 31 December 2014 and Technomedia's accounts as at 31 July 2015, the new group's total pro forma turnover stands at more than €280 million. This includes recurring revenue of €167 million, i.e. almost 60% of total turnover (an increase of 1.5 percentage points). Moreover, international operations account for more than 10 % of total turnover (up 45%).

Technomedia's operating profit (12% of turnover after identified synergies and 8% before), combined with amortisation of goodwill, financial charges connected with the acquisition and transaction costs, are likely to have a slight dilutive effect on the Group's net income (excluding synergies identified to date).

This year's external growth operations, including the acquisition of Technomedia, will boost 12-month turnover by approximately €26 million, based on the most recent financial statements of each acquired entity. These acquisitions were funded through Cegid's medium-term line of credit, as well as its growing net cash flow, boosted primarily through effective WCR management. Cegid's current net debt stands at approximately €68 million at 31 October 2015, adjusted to reflect the acquisition of Technomedia. Including the effect of these operations, the group's net debt-to-equity ratio is expected to stand at 0.32 (based on the combined pro forma balance sheet)⁽²⁾ and its leverage ratio (GOP/borrowing cost) is expected to be less than 1.

Based on the identified synergies and expected growth in recurring revenue, these operations should deliver added value for Cegid shareholders from 2016 onwards.

- (1) Gartner's Magic Quadrant for Talent Management Suites, August 2015
- (2) Based on Cegid's estimated consolidated position as at 30/09/2015, adjusted for leverage as at 30/10/2015, for the impact of the Technomedia acquisition, and on Technomedia's adjusted consolidated balance sheet as at 31/07/2015 (excluding debt and before IFRS adjustment)

Other than existing published figures, the figures given in this press release are estimated, non-audited, internally generated values.

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This press release contains forward-looking statements made on the basis of the current beliefs, expectations and assumptions of management, are not guarantees of performance and are subject to significant risks and uncertainty. These forward-looking statements should not be relied upon as predictions of future events and no assurances are made that the events or circumstances discussed or reflected in these statements will be achieved or will occur. If such forward-looking statements prove to be inaccurate, the inaccuracy may be material. You should not regard these statements as a representation or warranty by any person that these objectives will be achieved in any specified timeframe, or at all.

() Inaccuracies regarding profitability and the new group's people working exclusively in the HRIS and People Management sectors were identified in the 1 December 2015 press release; the present release serves as a corrected version.*

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About Cegid

Cegid is a leading player in the digital transformation of companies, providing cloud services and enterprise software to private companies and public entities alike.

Cegid addresses the management needs of companies and public entities of all sizes in the fields of finance, taxation and human resources, and offers industry-specific solutions to companies in the manufacturing, trade, services and retail sectors as well as to the accounting profession. Based on MoBiClo™, its technological concept combining Mobility, Business Intelligence and the Cloud, Cegid's innovation strategy integrates the new ways in which people use software.

Cegid is an international group with more than 2,000 employees, 29 locations in France, and 16 subsidiaries and offices worldwide, including recent new additions in Brazil, Russia, Dubai and Ivory Coast. Cegid's Chairman is Jean-Michel Aulas and its CEO is Patrick Bertrand.

Cegid serves more than 110,000 customers and 400,000 users, including over 120,000 in SaaS mode. Its customer base includes more than 1,000 retail brands and around 30,000 stores in 75 countries. In 2014, its turnover totalled €267 million.

About NOVACAP

With assets under management of over \$1.5 billion, NOVACAP has consistently been recognized as one of the leading private equity firms in Canada since 1981. Its unique collaborative approach with entrepreneurs, based on deep operational expertise and active management of its investment, has helped accelerate growth and maximize value for many companies across North America. NOVACAP's culture is based on creating long-term value through an investment philosophy focused on discipline and growth. With an experienced management team and substantial financial resources NOVACAP is well positioned to continue building world-class companies. For more information, please visit www.novacap.ca.

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