

2006 RESULTS



Income from ordinary activities up 37% Net income up 65%

Consolidated figures	2006 (€ M)	2005 (€ M)	Change unadj. for changes in scope
Sales (*)	228.2	224.3	+1.7%
EBITDA	48.1	39.4	+22.1%
Income from ordinary activities	29.1	21.3	+36.6%
Operating income	29.7	19.6	+52.0%
Net income – Group share	16.2	9.8	+65.3%

(*) Impact of changes in scope of consolidation: €+5.2M

1. High value-added core businesses: Publisher, Integrator, Host

Consolidated 2006 sales totaled €228.2M (vs. €224.3M in 2005). This figure reflected the decrease of around €10M in revenues from the sale and installation of equipment over all of 2006 compared with 2005.

Sales of "Business software and related services" rose by nearly 8% compared with 2005, at constant structure, thereby extending the improvement in the product mix observed over the past few years. The trend had the effect of widening the gross margin again in 2006 to 83.9%, vs. 81.8% in 2005.

In the context of its strategy to refocus on core businesses, Cegid had already sold its office supplies and IT consumables businesses in January 2004. In the same vein, Cegid has decided to outsource its hardware installation and maintenance activities and to sell its specialized hardware direct sales business and related services (€4.9M in 2006). This transaction will take the form of a partnership with SCC and involve 120 Cegid employees. In particular, it will enable Cegid to turn the expenses tied to these activities into variable costs.

2. Strong earnings growth in 2006

Income from ordinary activities has doubled in two years

Gross profit widened further and fixed costs were kept under control, leading to a rise in income from ordinary activities of 36.6% compared with 2005 and a consolidated operating margin on ordinary activities of 12.8% of sales compared with 9.5% in the previous year.

As a result, in 2005 and 2006, Cegid Group's income from ordinary activities, unadjusted for changes in the scope of consolidation, more than doubled from its 2004 level of €12.7M to €29.1M in 2006. Over the same period, the operating margin widened by four percentage points.

The Group's net income surged more than 65% compared with 2005.

The ratio of net debt (€69.5M) to consolidated shareholders' equity (€135.2M) was 51% at December 31, 2006, vs. 41% at December 31, 2005, reflecting the financing of capital expenditures and acquisitions during 2006. Conversion of the 1,975,528 outstanding redeemable share warrants (BSARs) at their exercise price of €28.44 would increase shareholders' equity by €58M and lead to repayment of the corresponding bonds (OBSARs) with a par value of €44.1M.

Cegid Group has the option to redeem these warrants if the adjusted share price averages €34.80 over 10 of the 20 trading days preceding the date of the repayment notice.

In addition, Cegid Group has a €200M syndicated line of credit available to it, of which €43M was drawn down at December 31, 2006. As such, Cegid has the resources necessary to finance its capital expenditures, in particular those related to acquisitions.

3. Proposed dividend: €0.95 per share (up 12%)

On the strength of the increased earnings, the Board of Directors will recommend that shareholders approve an increase in the dividend at their annual meeting from €0.85 per share on 2005 earnings to €0.95 per share on 2006 earnings. Based on the number of shares in circulation on March 20, 2007, the total amount of dividends paid would be approximately €8.3M.

After approval by shareholders at their annual meeting on June 1, 2007 at 11 o'clock at the head office of Cegid Group, 52 quai Paul Sédallian, 69009 Lyon, the dividend will be paid on June 5, 2007.

4. Outlook: More growth and higher profitability

Cegid will leverage its numerous strengths in pursuing expansion in 2007:

- Its ERP suite Cegid Business, positioned on the two segments of the corporate market: small and very small companies on the one hand, mid-market / large account companies and corporate groups on the other;
- A broad range of products with vertical market solutions for the Fashion, Retail, Manufacturing, Hospitality, Construction, Trading and Services industries and for CPAs;
- The full range of Cegid products available in outsourcing mode with Cegid on Demand, owing to Cegid's expertise in publishing and hosting;
- A direct distribution network in physical proximity to customers, employing value-added resellers;
- International business development.

In this context, Cegid should achieve an increase in income from ordinary activities and in operating profitability for the third consecutive year.

5. Calendar

First quarter 2007 sales will be published on April 19, 2007 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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Eurolist Paris Compartment B	FR0000124703	CEGI.PA	CGD FP	NextEconomy	9537 Software	Small 90, Mid and Small 190 and ITCAC

