

CEGID OUTPERFORMED THE SSRS MARKET IN H1 2014 AND POSTED STRONG GROWTH IN EARNINGS



SaaS sales up 26% at €23 million

SSRS sales up 5% at €91 million

Income from ordinary activities up 18% at €14.8 million

SaaS/On Demand sales up 26% and recurrent portion of total sales up 2 points to 59%

Consolidated sales, unadjusted scope H1 in €M	2014	2013	Chg.	% Chg.
SaaS	22.9	18.1	+4.7	+26.2
Licenses	15.6	15.9	-0.3	-2.2
Maintenance	50.5	50.5	-	-
Other	2.2	2.2	-	-
Total Software and software-related services (SSRS)	91.2	86.7	+4.5	+5.2
Professional services	28.2	28.8	-0.6	-2.1
Total SSRS and professional services	119.4	115.5	+3.9	+3.3
Hardware distribution and other	11.3	13.2	-1.9	-14.2
Total	130.7	128.7	+2.0	+1.6
of which recurrent	77.6	73.5	+4.1	+5.5
Recurrent / Total	59.3%	57.1%		

H1 2014 sales saw a continuation of the trends of 2013 and Q1 2014. Cegid's business model continued to evolve, with more strong growth in SaaS and an increasingly recurrent revenue stream.

SaaS revenue, developed around Cegid's private cloud, totaled nearly €23 million, up 26% over H1 2013. Recurrent sales (€77.6 million), including revenue from software and hardware maintenance contracts, portals and SaaS contracts, represented more than 59% of total sales, an increase of more than two percentage points compared with H1 and FY 2013. The value of active SaaS contracts as of July 1, 2014 was €97.3 million ⁽¹⁾.

Revenue from Licenses (€15.6 million) demonstrated good performance, keeping in mind that Licenses in H1 2013 (€15.9 million) included deliveries on certain large accounts for an overall amount of nearly €1 million. This caused an unfavorable basis effect.

Revenue from strategic software and software-related services (SSRS) was up 5.2% in H1 2014, prolonging the Q1 increase, and totaled €91.2 million. SSRS revenue represented nearly 70% of total

sales and its proportion of total sales increased by 2.5 percentage points compared with H1 2013.

Revenue from "SSRS and professional services" (€119.4 million) advanced by more than 3%, with services revenue of €28.2 million down slightly (2.1%) compared with H1 2013.

Cegid continued to scale back its non-strategic, lower-margin "Hardware distribution and other" business, which generated revenue of €11.3 million, or 9% of total sales, down more than 14% from H1 2013. First half 2014 consolidated sales thus totaled €130.7 million, up 1.6% from the H1 2013 figure of €128.7 million.

Internationally, Cegid saw continued expansion, essentially in the Retail sector, with sales rising 11%, or well in excess of the Group's overall growth.

Consolidated sales (€M) unadjusted scope*		Q2	H1 total	of which "SSRS and professional services"	of which "Hardware distribution and other"
CPAs, small companies	2014	24.5	50.8	44.3	6.5
	2013	22.9	48.0	41.1	6.9
Vertical markets	2014	19.2	36.9	33.5	3.4
	2013	19.4	38.0	33.7	4.3
Mid-market and groups	2014	16.5	33.3	32.7	0.6
	2013	16.7	33.3	32.4	0.9
Public sector	2014	4.5	8.5	8.5	0.0
	2013	4.3	8.2	8.2	0.0
Miscellaneous	2014	0.4	1.2	0.4	0.8
	2013	0.4	1.2	0.1	1.1
Total	2014	65.1	130.7	119.4	11.3
	2013	63.7	128.7	115.5	13.2

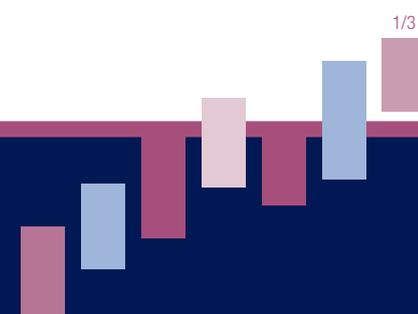
* Changes in the scope of consolidation take into account any alterations in the operational organization

(1) The value of SaaS contracts is defined as the internal, unaudited value of active contracts extrapolated over their remaining lifetime for fixed maturity contracts and over 36 months in most cases for automatic renewal contracts, taking into account the previous year's churn rate

Financial communication Cegid Group

52 quai Paul Sédallian
69279 Lyon Cedex 09
Tel: +33 (0)4 26 29 50 20
dirfin@cegid.fr
www.cegid.com

Stock market: Euronext Paris Segment B
ISIN share code: FR0000124703
Reuters: CEGI.PA
Bloomberg: CGD FP
ICB: 9537 Software
Indices: CAC All Shares - CAC All-Tradable - CAC Mid & Small - CAC Small - CAC Soft. & C.S. - CAC Technology - Next 150



Sharp increase in Income from Ordinary Activities (up 18%) and in Net Income (up 20%)

Unadjusted scope (in €M)	H1 2014	H1 2013	Chg. in %
Sales	130.7	128.7	+1.6%
Gross profit	114.2	113.8	+0.3%
EBITDA	34.5	33.3	+3.6%
Income from ordinary activities	14.8	12.6	+17.9%
Operating income	15.7	12.4	+26.6%
Net financial expense	-0.8	-0.8	+4.5%
Pre-tax income	14.9	11.6	+28.8%
Net income (Group share)	8.8	7.3	+20.0%

Gross profit amounted to €114.2 million, up slightly compared with H1 2013. The change in gross margin principally reflected the normal increase in purchases related to the cost of producing SaaS solutions, in line with the growth in the SaaS business. Gross margin was 87.3%, one percentage point lower than in H1 2013.

A tight grip on operating expenses led to a reduction in the average monthly breakeven point to €19.0 million in H1 2014 (€19.1 million in H1 2013).

Income from ordinary activities totaled €14.8 million in H1 2014, up 18%, after taking into account the amortization/depreciation of the following items: capitalized development costs, assets identified during business combinations, operating investments (up €0.3 million compared with H1 2013) and strategic international investments (Brazil, United Arab Emirates, Russia).

H1 2013 earnings had included the reversal of around €0.6 million in provisions. Excluding this reversal, income from ordinary activities increased by nearly 24% compared with H1 2013, Cegid's best first-half performance ever.

Operating income stood at €15.7 million, up €3.3 million or 26.6% compared with H1 2013, and included net non-recurrent income of €0.9 million.

Interest expense was €0.8 million, identical to that of H1 2013. Income tax was €5.5 million, vs. €4.1 million in H1 2013. Cegid's share of income from equity-accounted companies was €-0.5 million, vs. €-0.1 million in H1 2013. As a result, H1 2014 net consolidated income was €8.8 million, vs. €7.3 million in H1 2013, representing an increase of 20%.

Net cash from operating activities: €23.4 million – Reduction in net debt

Net cash from operating activities totaled €23.4 million, vs. €28.7 million in H1 2013. This amount reflected the change in WCR related to operating expenses recognized in 2013 but disbursed in H1 2014 (collective performance bonuses, profit sharing, income tax, etc.).

Net debt declined significantly to €52.3 million, vs. €66.5 million at June 30, 2013 and €54.7 million at December 31, 2013. This reduction reflected a net amount of approximately €8.1 million deriving from the sale of the Hospitality business and a payment received in connection with premises leased in Paris, which will be applied to the costs of the project and refurbishment to be carried out in the second half of the year.

As a result, gearing, the ratio of net debt to consolidated shareholders' equity (€190.9 million) was 27.4% (36.9% as of June 30, 2013 and 28.5% as of December 31, 2013).

As of July 1, 2014, Cegid had a syndicated line of credit totaling €170 million, of which €105 million was available. Between 2015 and 2017, this line will reduce annually on June 30. It provides Cegid with a significant drawdown capacity for future years, which it can use to finance its investment needs, in particular acquisitions.

Outlook: Leveraging its cloud expertise, Cegid is helping private companies and the public sector in their digital transformation

Innovation through "MOBICLO™", bringing together Mobility, Business Intelligence and the Cloud

- developing opportunities for collaboration in solutions for the accounting profession and its small-company customers and stepping up the distribution of new TDA advisory products,
- contributing to the overall effort to simplify the nominative employee filing requirements now incumbent on private companies and the public sector,
- making new SaaS-mode product ranges available: HR (talent management, a packaged SME product, CBHR On Demand, HR internal auditing, and mobility), Manufacturing solutions, new SaaS-mode tax solutions (Yourcegid Etafi Start and initial tax integration modules) and a new work environment for small local authorities in the public sector channel.

Financial communication Cegid Group

52 quai Paul Sédallian
69279 Lyon Cedex 09
Tel: +33 (0)4 26 29 50 20
dirfin@cegid.fr
www.cegid.com

Stock market: Euronext Paris Segment B

ISIN share code: FR0000124703

Reuters: CEGI.PA

Bloomberg: CGD FP

ICB: 9537 Software

Indices: CAC All Shares - CAC All-Tradable - CAC Mid & Small - CAC Small - CAC Soft. & C.S. - CAC Technology - Next 150

A leading provider of B-to-B software

- real expertise in SaaS solutions with more than 105,000 users and extrapolated future revenue of nearly €97.3 million based on active contracts as of July 1, 2014 (internal, unaudited data), increasing potential invoicing and strengthening the recurrent nature of sales,
- broad functional coverage (accounting/finance, taxation, payroll/HR, performance management) for companies of all sizes, and "vertical market" industry specialization (CPAs, entrepreneurs, manufacturing, trade & services, retail, public sector),
- international development, essentially in the retail sector, gradually extending to the public sector and to manufacturing.

Performance is steadily improving despite the difficult economic context

Cegid has shown that it can improve its earnings and financial structure even in an uncertain and overall lackluster economic context. The strategy we have implemented in recent years regarding our solutions, service quality and cloud initiatives has made us a leader in providing support to companies undergoing digital transformation. Cegid now has an installed base of 114,000 customers, including 37,000 connected small companies, giving Cegid high recurrent revenue (nearly 60% of H1 2014 sales). The objective is to step up new customer acquisition and to pursue action plans aimed at increasing internal efficiency. These efforts will focus on rationalizing our product and service ranges, boosting business development productivity and sharing skills and customer welcome areas.

With more recurrent business and a lower average monthly breakeven point, H1 2014 provided validation of Cegid's strategy, leading once again to a very favorable trend in earnings. While this trend cannot be extrapolated over the full year, it should ensure an increase in income from ordinary activities over all of 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 Board of Directors approved the H1 2014 financial statements on July 23, 2014. The Statutory Auditors have carried out their audit procedures and the reports relative to their limited review were prepared on July 23, 2014. The information meeting slideshow will be available from July 24, 2014 at the following address: <http://www.cegid.com/slideshow>

This English translation is for the convenience of English-speaking readers. However, only the French text has legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion. Cegid Group expressly disclaims all liability for any inaccuracy herein.

Financial communication Cegid Group

52 quai Paul Sédallian
69279 Lyon Cedex 09
Tel: +33 (0)4 26 29 50 20
dirfin@cegid.fr
www.cegid.com

Stock market: Euronext Paris Segment B
ISIN share code: FR0000124703
Reuters: CEGI.PA
Bloomberg: CGD FP
ICB: 9537 Software
Indices: CAC All Shares - CAC All-Tradable - CAC Mid & Small - CAC Small - CAC Soft. & C.S. - CAC Technology - Next 150

