

Paris, September 12, 2013

ESI is the leader and a pioneer in virtual prototyping solutions.

Stock market information

Listed on compartment C of the NYSE Euronext Paris
[ISIN FR 0004110310](#)

FTSE 977

Bloomberg ESI FP

Reuters ESIG.LN

Granted
“*entreprise innovante*”
(innovative company) certification
on January 20, 2000 by OSEO,
ESI Group is eligible for inclusion
in FCPI (venture capital trusts
dedicated to innovation).

Financial schedule

Results for the 1st half of 2013/14 will be published on:

September 26, 2013
(after market)

Contacts

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Social media



Revenue for the 1st half of 2013/14: €44.3 million (+5.3% at constant currency)

- **Negative base effect and substantial negative currency effect**
- **Good performance in Europe**
- **Activity remains dynamic in BRIC countries**
- **Strengthening of internal management control**

Alain de Rouvray, ESI Group's Chairman and CEO, says:

“As in the previous quarter, fiscal year first-half activity was heavily impacted by a negative movement in currencies and a base effect from the excellent performance recorded over the first half of last year. Excluding these factors, demand for ESI Group's virtual prototyping solutions remains very solid, as illustrated by the growth in activity in BRIC countries. Services activity stabilised in the half, as we consolidated on the strong growth of FY12. That impact combined with the currency effect is likely to significantly weigh on half-year results, albeit without altering the pursuance of the Group's strategic plan. At the same time, with the help of its new Chief Financial Officer, the Group is continuing to strengthen its financial control and cost-monitoring management.”

Change in quarterly and half-yearly revenue

The Company's financial year runs to January 31

In € millions (unaudited)	Q2 *			Δ (cc)	H1 *			Δ (cc)
	2013/14	2012/13	Δ		2013/14	2012/13	Δ	
Licenses	15.3	15.8	-3.2%	+6.9%	29.9	30.2	-1.0%	+6.6%
Services	7.4	7.8	-4.9%	-0.2%	14.4	14.6	-1.0%	+2.7%
Total	22.7	23.5	-3.8%	+4.5%	44.3	44.7	-1.0%	+5.3%

*Revenue includes activity recorded by OpenCFD Ltd, consolidated since September 12, 2012

Reminder: the seasonal nature of ESI Group's Licenses sales usually results in a larger proportion of full-year revenue being recorded over the fourth quarter of the year.

Revenue for the 2nd quarter

Revenue for the 2nd quarter of 2013/14 totalled €22.7 million, down -3.8% in actual terms but up +4.5% at constant currency compared with the 2nd quarter of the previous year.

As well as the negative currency effect of -€2.0 million, these figures should also be analysed taking into account the particularly strong base for comparison. In the 2nd quarter of last year the Group recorded a +22.0% increase in activity; with +18.3% for Licenses and +30.1% for Services.

At constant currency, Licenses activity was up +6.9% in the 2nd quarter, +6.3% at constant scope, thus reflecting the buoyant level of demand for ESI Group's virtual prototyping solutions. Again at constant currency, the Licenses installed base grew by +5.3% and the rate of repeat business reached 80%. Licenses New Business (new products, new clients) recorded significant growth of +12.6% at constant currency over the period.

At constant currency Services activity recorded stable sales following the sharp increase recorded during the 2nd quarter of 2012/13, highlighting consolidation of activity.

Revenue for the 1st half of 2013/14

Revenue for the 1st half of the year totalled €44.3 million, a decrease of -1% compared with the same period of 2012/13. It was importantly impacted by a negative currency effect of -€2.8 million; an amount largely attributable to the negative evolution in the yen/euro parity and primarily visible in Licenses activity. Excluding this substantial negative impact, half-year revenue was up +5.3% (+3.6% at constant scope).

Half-year revenue also suffered from a particularly high base for comparison, as the Group benefitted from a number of exceptional deals over the same period last year; when a growth of +16.4% at constant currency was recorded.

Licenses: increase in the installed base and in New Business

Licenses activity recorded revenue of €29.9 million, up +6.6% at constant currency. The installed base improved by +8.3% at constant currency to €21.3 million. The rate of repeat business remained high at 83% at constant currency (75.3% in actual terms).

New Business increased by +1.3% at constant currency when compared with the strong base of the exceptional deals recorded during the 1st quarter of 2012/13.

Services: consolidation in activity

Services activity remained quasi stable (-1% in real terms and +2.7% increase at constant currency). This evolution reflects a consolidation after last year's very buoyant growth in major projects and a deliberate policy of gradually withdrawing from non-strategic contracting (placement of staff on client sites) activity in the United States and instead emphasizing projects with high-value-added for our customers.

A geographical mix edging towards Europe

The geographical split in activity edged towards Europe over the period (41.1% vs. 37.7%), driven by the dynamism recorded in Southern Europe and notably by the good performance recorded by Services activity in France. The decrease in the weight of the Asia zone (40.2% vs. 42.8%) can be attributed to the currency impact and occurred despite the solid performance of Licenses activity (+9.1% at constant currency). Activity in the Americas zone, which benefitted from a catch-up effect during the 1st quarter, slipped back over the 2nd quarter in association with the decrease in contracting Services activity, and accounted for 18.7% of total activity vs. 19.5% a year earlier. Activity in BRIC countries continued to increase and now represents 14.7% of half-year revenue, compared with 13.9% last year (12.4% excluding exceptional business).

Further diversification

The Group notably recorded substantial commercial demand from the Government & Defence, Education and Electronics sectors. The evolution of other sectors was significantly impacted by currency effects, notably Ground Transport due to the high contribution of Japan over the first half.

Successful integration of acquisitions

The OpenFoam software user conference held in Germany in April was a major success, as was the sale of the first OpenFOAM software subscription license to the Volkswagen group during the first half.

Furthermore, the investments carried out have resulted in the first sale of a virtual reality system in Italy to Fiat, in Korea to Samsung Electronics and in France to AéroCampus Aquitaine.

About ESI

[ESI](#) is a pioneer and world-leading provider in Virtual Prototyping that takes into account the physics of materials. [ESI](#) boasts a unique know-how in Virtual Product Engineering, based on an integrated suite of coherent, industry-oriented applications. Addressing manufacturing industries, Virtual Product Engineering aims to replace physical prototypes by realistically simulating a product's behavior during testing, to fine-tune fabrication and assembly processes in accordance with desired product performance, and to evaluate the impact on product use under normal or accidental conditions. [ESI](#)'s solutions fit into a single collaborative and open environment for End-to-End Virtual Prototyping. These solutions are delivered using the latest technologies, including immersive Virtual Reality, to bring products to life in 3D; helping customers make the right decisions throughout product development. The company employs about 1000 high-level specialists worldwide covering more than 30 countries. [ESI Group](#) is listed in compartment C of NYSE Euronext Paris. For further information, visit www.esi-group.com.

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