

Paris, December 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

2013/14 annual sales:
March 13, 2014
(after market)

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Our Press Section can be found at

www.esi-group.com

Social media



Sales for the 3rd quarter of 2013

Sales up 2.7% over the first 9 months at constant currency (-4.2% in actual terms)

- **Strong Negative currency and base effects**
- **Dynamic activity in Europe and in BRIC countries**
- **Progression of our disruptive solutions among leading manufacturers**
- **Strategic acquisition of CyDesign Labs.**

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

“The Group's fundamentals remain solid at a time when the economy is in a phase of consolidation and transition. Adjusted for currency effects and the high base for comparison, both of which are particularly challenging in the current period, the strong sales growth seen in the previous period is continuing and our solutions are showing good momentum. The current build-up of strategic partnerships with large customers reflects ESI Group's growing role as a leader of disruptive methods that are vital in helping innovative companies in sectors like transport, aerospace and energy to make changes in a fast-moving regulatory and competitive environment. In addition, the recent acquisition of CyDesign brings novel SaaS and open-source and cloud access solutions which provide an exceptional boost to productivity and competitiveness. This is driven by the inevitable adoption of End-to-End virtual prototyping, from the specification stage onwards, and requires flexible modelling from 0D-1D to 3D-4D.”

3rd quarter and 9-month sales

The Group's FY ends on January 31. Its 3rd quarter ends on October 31.

In € millions	Q3 2013	Q3 2012	Δ (euros)	Δ (cc*)	9M 2013	9M 2012	Δ (euros)	Δ (cc*)
Licenses	12.7	14.2	-10.1%	-0.9%	42.6	44.3	-3.9%	+4.2%
Services	6.8	7.7	-11.7%	-6.1%	21.3	22.3	-4.7%	-0.4%
Total	19.6	21.9	-10.7%	-2.8%	63.8	66.7	-4.2%	+2.7%

2013 revenue includes activity recorded by OpenCFD Ltd., consolidated since September 12, 2012, and CyDesign, consolidated since October 21, 2013.

*cc: constant currency

Breakdown in quarterly sales

The Group's FY ends on January 31. Its 3rd quarter ends on October 31.

In € millions	Q3 2013	Q2 2013	Q1 2013	Q3 2012	Q2 2012	Q1 2012
Licenses	12.7	15.3	14.6	14.2	15.8	14.4
Services	6.8	7.4	7.1	7.7	7.8	6.8
Total	19.6	22.7	21.6	21.9	23.5	21.2

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

By convention, the fiscal year from 01/02/2013 to 31/01/2014 is simply referred to as 2013. 2012 corresponds to the FY ending 31/01/2013.

3rd quarter sales

Total sales for the 3rd quarter of 2013 totalled €19.6 million, down €2.3 million compared with the same quarter of 2012, mainly due to a negative currency effect of €1.7 million and a strong base for comparison. Indeed, the 3rd quarter of 2012 saw exceptional growth of 24.6%. Over the last three years, 3rd quarter activity has annually increased by 8.0% at constant currency and 5.5% in real terms.

The product mix was stable, with Licenses sales accounting for 65.1% of total sales compared with 64.7% for the same quarter last year.

Licenses sales totalled €12.7 million, falling 0.9% at constant currency following buoyant growth of 23.4% between 2011 and 2012. The average increase in 3rd quarter Licenses activity over the last three years has thus been 8.3% at constant currency and 5.3% in real terms.

Services activity saw sales total €6.8 million in actual terms, down 6.1% at constant currency due to a substantial negative base effect. Last year ESI Group recorded growth of 26.9% over the period. Over the last three years, the average 3rd quarter growth recorded by Services activity has been 6.9% at constant currency and 5.9% in real terms.

9-month sales

Sales totalled €63.8 million over the first 9 months of the year, down 4.2% on the previous year. The negative currency effect of -€4.6 million was mainly due to changes in the yen/euro parity. At constant currency, sales were up 2.7% (1.5% organic growth).

Furthermore, bear in mind that growth had been particularly buoyant in 2012: +23.0% and +17.6% at constant currency. Since 2011, sales for the first 9 months of the year have increased by an average of 9.9% a year at constant currency and 8.5% in real terms.

The product mix remained fairly stable, with Licenses activity accounting for 66.7% of total sales.

Licenses: solid activity

Licenses sales totalled €42.6 million, down 3.9% in actual terms but up 4.2% at constant currency compared with the previous year, which had seen buoyant growth (21.7% and 16.2% at constant currency). Over the last 3 years, the average increase in 9-month Licenses sales has thus been 10.0% at constant currency and 8.1% in real terms.

Again at constant currency, the Installed Base recorded growth of 4.8% with the rate of Repeat Business remaining high at 78.5%. New Business was stable at €10.1 million, and accounted for 24.1% of Licenses sales.

Services: consolidation in activity

Services activity, which was also importantly affected by the negative evolution of currency rates, recorded sales of €21.3 million in actual terms and a slight decrease at constant currency (0.4%). In 2012, this activity had recorded particularly buoyant growth (25.6% and 20.5% at constant currency). On average over the last 3 years, Services activity has grown by 9.6% a year at constant currency and 9.4% in real terms.

Geographical mix moving towards Europe

Over the first 9 months of the year, the geographical split in sales shifted towards Europe, with this region accounting for 40.8% of total sales compared with 37.9% last year. The decrease in the Asian share of sales (to 39.7% from 42.2%) was essentially due to the negative evolution of exchange rates in this region. The American zone saw its share slip to 19.5% of total sales from 19.9% last year despite the fine 3rd quarter performance recorded in Licenses activity (+14.3% at constant currency). The Group's deliberate withdrawal from non-strategic consulting activity in the United States was a driving factor in this decline.

Activity in BRIC countries increased again, and accounted for 15.0% of total sales over the period, compared with 13.9% last year.

ESI User Forums: a successful season

This year, the season of annual forums devoted to users of ESI solutions began in Russia in October. This forum, held at Moscow's National University of Science and Technology, was the first one to be hosted directly by ESI in Russia. The event made it possible to highlight ESI's growing activity in this country following the opening of an office in Yekaterinburg in September 2012. This forum was followed by similar events in Japan, China, Korea and Germany. All together, these events gathered more than 1,500 attendees from industry and the leading scientific institutions. During these events, the keynote speeches by our clients and academic partners provided testimony as to the substantial level of interest in our virtual prototyping solutions that allow all industrialists to spur innovation and record substantial time and productivity gains. As well as the formal presentations, these forums provided us with an opportunity to present our solutions and explore possible future collaborations. Moreover, ESI Group made the most of these events to announce the acquisition of CyDesign Labs and to explain how this disruptive technology is in line with the Group's strategic vision to accelerate the migration to virtual engineering. Indeed, the addition of systems modelling and adaptive controls (models 0D-1D) via the Cloud and in SaaS allows manufacturers to earlier do better specifications of their innovative products without requiring beforehand the construction of physical prototype for validation, too costly or timely undoable.

Increased adoption of solutions among the most innovative leading manufacturers

ESI Group's approach and methodology allow the most advanced manufacturers to speed up innovation by using predictive virtual models. It has a unique position in meeting the requirements of major OEM companies and helps them adopt End-to-End virtual prototyping to answer constraints of a changing competitive and regulation environment. This context is forcing manufacturers to adopt disruptive methodologies with tougher acceptance criteria. Major



companies and especially global carmakers like Renault-Nissan or VW want to increase their adoption of ESI's solutions in order to drastically cut costs and time to market, while meeting stringent technical requirements related to safety, comfort and driveability and introducing new innovative materials and manufacturing processes. This direction is also adopted by other leading companies and ESI strategic partners in major industrial sectors such as in aeronautics (e.g. AVIC in China) and in energy (e.g. AREVA in France), heralding more widespread multi-industrial adoption in the medium-term.

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 behaviour 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 1,000 high-level specialists worldwide covering more than 40 countries. [ESI Group](#) is listed in compartment C of NYSE Euronext Paris.

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