

Financial Press Release

Paris, May 26, 2016

Revenue for the 1st quarter of 2016 up 13.7%

A solid and balanced growth

- Ongoing commercial momentum
- Strong growth in New Business Licenses and Engineering studies
- Contribution of acquisitions, particularly ESI ITI GmbH

Alain de Rouvray, ESI Group's Chairman and CEO, comments: *"The sustained growth recorded over the first quarter of 2016 confirms the Group's commercial momentum. That impetus has been boosted by our recent acquisitions in the field of systems modelling, big data and machine learning, which dramatically increase the perceived value of our Virtual Prototyping offer. The continuing very high rate of repeat Licensing business and the solid increase in New Business reflect the strength of this progression. Moreover, Services business returned to growth thanks to an acceleration in high value-added Engineering studies, establishing a strong catalyst for the industry's universal transition towards the digital factory. Going beyond the traditional PLM¹ offers based on product design and development, ESI's Virtual Prototyping solutions now enable our customers to seek total control of their products' entire lifecycle, i.e. to further anticipate their overall performance from launch to phase-out (PPL²).*

These good first-quarter figures support our short- and medium-term growth and profitability prospects "

¹ PLM: Product Lifecycle Management, which is concerned with the effectiveness of product development until commercial launch.

² PPL: Product Performance Lifecycle, which focuses on optimising the product's whole "post-development" lifecycle, i.e. the way it is integrated into and performs within its operational environment, including operational maintenance, until the end of its useful life.

Change in sales in the 1st quarter of 2016

Financial year ending January 31 (unaudited figures)

First quarter ending April 30

In € millions	Q1 2016	Q1 2015	% chg.	% chg. (cer ¹)
Licenses	19.5	17.1	+14.3%	+14.3%
Services	7.9	7.0	+12.3%	+12.4%
Total	27.4	24.1	+13.7%	+13.8%

¹ cer: at constant exchange rates

Acquisition during the period: Mineset, integrated from February 5, 2016.

Further strong growth

Sales for the first quarter of the 2016 financial year totalled €27.4 million, up 13.7% on the year-earlier period, including organic growth of 7.2%.

Sales from acquisitions totalled €1.6 million, a contribution of 6.6% on the total growth, mainly from the Licenses business of ESI ITI GmbH, acquired in January 2016.

Exchange-rate movements had a neutral effect during the period, with the rise in the Japanese yen offset by the fall in the US dollar and the South Korean won against the euro.

The product mix remained stable, with 71.3% of sales coming from Licenses as opposed to 70.9% in the first quarter of 2015.

Licenses: dynamism of the New Business activity

Licenses revenue amounted to €19.5 million, up 14.3% year-on-year, including organic growth of 8%. That growth reflects the upturn in New Business, which continued the trend seen in the third and fourth quarters of 2015 and grew 43% (27% in organic terms). New Business accounted for 18% of total Licenses sales, against 14% in Q1-15. In particular, there were new international contract wins in the electronics, marine and heavy industry sectors. The installed base grew 8.7% (3.5% in organic terms) even after the 35% surge seen in Q1-15, and the repeat business rate was very high at 93.2%.



Services: double-digit growth in engineering studies

Services revenue totalled €7.9 million, up 12.3% or 5.1% in organic terms. After jumping 18% in Q1-15, growth in Q1-16 was driven by the new acquisitions (+7.4% impact) and the ongoing strong momentum in engineering studies, one of ESI Group's core businesses.

Geographical mix: strong growth in Asia

In Q1-16, Asia accounted for 47% of total sales versus 41% in Q1-15, Europe 37% versus 39%, and the Americas 16% versus 20%. The geographical breakdown of sales reflects strong cyclical growth in Licensing in Asia, supported by innovative projects in the automotive, aerospace and energy sectors, particularly in Japan.

The BRIC countries accounted for 10.4% of total sales during the period.

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Next events

Midcap Partners Forum:
June 3, 2016 - Paris

Berenberg Forum:
June 14, 2016 - London
June 23, 2016 - Cascais

Annual General Meeting:
July 21, 2016 - Rungis

About ESI Group

[ESI Group](#) is a leading innovator in Virtual Prototyping software and services. Specialist in material physics, [ESI](#) has developed a unique proficiency in helping industrial manufacturers replace physical prototypes by virtually replicating the fabrication, assembly and testing of products in different environments. Today, coupled with Virtual Reality, animated by systems models, and benefiting from data analytics, [Virtual Prototyping](#) becomes immersive and interactive: ESI's clients can bring their products to life, ensuring reliable performance, serviceability and maintainability. Benefiting world-leading OEM's and innovative companies alike, ESI empowers engineers and decision-makers with the guarantee that their products will pass certification tests, before any physical prototype is built, and that they will deliver competitive products to their markets. ESI's Virtual Prototyping solutions address the emerging need for products to be smart and autonomous and support industrial manufacturers in their digital transformation.

Today, ESI's customer base spans nearly every industry sector. The company employs about 1100 high-level specialists worldwide to address the needs of customers in more than 40 countries. For more information, please visit www.esi-group.com/

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