



Financial Press Release

Paris, November 26, 2015

Sales for the 3rd quarter of 2015 up 10.3%

Continued solid growth momentum

- **Strong growth in Licensing business**
- **Sustained high rate of repeat business**
- **Robust business in Asian markets**

Alain de Rouvray, ESI Group's Chairman and CEO, comments: "*The third quarter continues the trend established during the first half of the year, with the increasingly wide adoption of Virtual Prototyping solutions. The Licensing business remained robust with a continued high rate of repeat business in all geographical regions and an improvement in New Business, especially linked to strong performance in China. Still impacted by cyclical effects, Services nevertheless reflected the success of engineering studies, the core of the Group's development strategy. Confident in its development plan and its position at the cutting edge of innovation, ESI Group intends to further develop its technological differentiation strategy through its external growth policy backed by a recent increase in funding in the form of a syndicated loan of €49 million.*"

Change in sales in the 3rd quarter and cumulatively

FY to January 31 (unaudited)
The 3rd quarter ends on October 31.

In € millions	Q3 2015	Q3 2014	% chg.	% chg. (cer*)	Sales 9 months 2015	Sales 9 months 2014	% chg.	% chg. (cer*)
Licenses	14.9	12.8	+16.2%	+12.3%	49.6	42.5	+16.8%	+9.9%
Services	6.4	6.5	-1.3%	-4.4%	20.1	19.5	+3.3%	-1.8%
Total	21.4	19.4	+10.3%	+6.7%	69.8	62.0	+12.5%	+6.2%

* cer: at constant exchange rates

Acquisitions during the period: CIVITEC's activities entered the scope of consolidation as of March 27, 2015 and the assets of Ciespace were consolidated as of April 10, 2015. The assets of PicViz were consolidated as of March 30, 2015, and PRESTO software entered the scope of consolidation as of May 6, 2015.

Breakdown of quarterly sales

In € millions	Q3 2015	Q2 2015	Q1 2015	Q3 2014	Q2 2014	Q1 2014
Licenses	14.9	17.6	17.1	12.8	15.5	14.2
Services	6.4	6.7	7.0	6.5	7.0	5.9
Total	21.4	24.3	24.1	19.4	22.5	20.1

Reminder: the seasonal nature of the ESI Group's Licenses business results in the recognition of the largest share of annual revenue in the fourth quarter of the year.

Sales for the 3rd quarter

Sales for the period amounts to €21.4 million, representing sustained growth of 10.3% compared to the 3rd quarter of 2014. There was a positive currency effect of €0.7 million. Licenses sales stood at €14.9 million, an impressive 16.2% increase at current rates of exchange (+12.3% at constant rates), driven by strong performance in Asia-Pacific area, as well as dynamic Repeat Business (+21.8% at current exchange rates; +18.5% at constant rates). New Business grew 9.0% at actual rates (+4.4% at constant exchange rates).



With regard to Services, sales fell marginally to €6.4 million: recording -1.3% at actual rates of exchange (-4.4% at constant rates).

Nine-month sales

Nine-month sales totaled €69.8 million, an increase of 12.5% at current exchange rates compared with the same period last year. The currency impact for the period was a positive €3.9 million and stemmed primarily from favorable movements in the US dollar and, to a lesser extent, the Japanese Yen and South Korean Won. At constant exchange rates, sales were up 6.2%, reflecting the dynamism of the business since the beginning of the year.

The product mix is changing in favor of the Licensing business, which accounted for 71.1% of total sales, compared with 68.6% in the same period last year.

Strong growth in the Licensing business

Sales generated by the Licensing business increased to €49.6 million, representing a significant growth of 16.8% at actual exchange rates (+9.9% at constant rates) against the previous year. Similarly to the 1st half-year, this buoyancy reflects the successful levels of repeat business on the installed base, which grew at 25.5% (+17.5% at constant exchange rates). The repeat business rate remained very high at 92.6% at current exchange rates (86.7% at constant rates compared with 74.5% for the first 9 months of 2014). New Business totaled €9.5 million at current exchange rates benefiting the growth of the 3rd quarter but showing a decline of 3.0% in actual terms (-7.7% at constant rates). This activity was affected by the persistently difficult climate in Russia which overshadowed remarkable performances in Asia and, more specifically, in China.

Services: continued double-digit growth for engineering studies

The Services business reported sales of €20.1 million in real terms, representing growth of +3.3% (-1.8% at constant exchange rates). This was driven by the significant progress of engineering studies, ESI Group's core business, where 13.4% (+7.3% at constant exchange rates) growth was achieved.

Geographic mix: strong business in Asia

Over the 9 first months, the geographic breakdown of sales reflected significant growth in Asia and the Americas; driven by the Licensing business. These regions, at current exchange rates, respectively represented 41.4% and 20.0% of total sales, compared with 39.1% and 18.0% for the same period in the previous year; trends that contrasted with the proportion in the European region,



which accounted for 38.6% compared with 42.9% last year. The increases reflect the solid performance of the Licensing business in Asia, where China recorded an outstanding growth of 81.8%, and in the Americas where growth was 36.3%.

Business in the BRIC countries represented 13.5% of total sales for the period, against 12.1% the previous year. The highlight was the marked buoyancy of the Licensing business in China that was driven predominantly by the success of the immersive virtual reality solution among strategic partners.

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Investor Relations

ESI Group – Europe & Asia

[Corentine Lemarchand](#)

+33 1 53 65 14 14

ESI Group - Americas

[Corinne Romefort-Régnier](#)

+1 415 994 3570

NewCap

[Emmanuel Huynh](#)

[Louis-Victor Delouvrier](#)

+33 1 44 71 98 53

Next event:

2015 annual sales

March 14, 2016

About ESI

ESI is a world-leading provider of Virtual Prototyping software and services with a strong foundation in the physics of materials and Virtual Manufacturing.

Founded over 40 years ago, 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. [Virtual Prototyping](#) enables ESI's clients to evaluate the performance of their product and the consequences of its manufacturing history, under normal or accidental conditions. By benefiting from this information early in the process, enterprises know whether a product can be built, and whether it will meet its performance and certification objectives, before any physical prototype is built. To enable customer innovation, ESI's solutions integrate the latest technologies in high performance computing and immersive Virtual Reality, allowing companies to bring products to life before they even exist.

Today, ESI's customer base spans nearly every industry sector. The company employs more than 1,000 high-level specialists worldwide to address the needs of customers in more than 40 countries.

ESI is listed in compartment C of NYSE Euronext Paris and is granted "Entreprise Innovante" (Innovative Company) certification since 2000 by Bpifrance. ESI is eligible for inclusion in FCPI (venture capital trusts dedicated to innovation) and PEA PME.

For further information, go to www.esi-group.com.

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