ESI Group
Corinne Romefort-Régnier
Shareholder relations
Tel.: +33 (0)1 53 65 14 14
investors@esi-group.com

NewCap
Emmanuel Huynh / Axelle Vuillermet
Tel.: +33 (0)1 44 71 94 94
esi@newcap.fr

2008/09 annual sales: €70.2 million

Strong resistance of the recurrent installed base
Operating margin impacted by the fall in new business

Paris, 10th March 2009: ESI Group (ISIN FR0004110310), a pioneer and world-leading solution provider in virtual prototyping and manufacturing processes, announced today its consolidated sales for its fourth quarter and full year to 31st January 2009.

Consolidated annual sales

In € millions	2008/09	2007/08	Δ % (actual)	Δ % (volume)
Licences	*52.6*	*53.9*	*-2.4%*	*-2.6%*
Services & other activities	*17.6*	*15.0*	*+17.4%*	*+17.5%*
Total	***70.2***	***68.9***	***+1.9%***	***+1.8%***

FY to 31st January

Quarterly sales

In € millions	2008/09				2007/08			
	Q1	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**
Licences	10.8	10.5	9.1	22.2	10.4	10.4	9.2	23.8
Services & other activities	3.9	4.1	4.3	5.3	3.1	3.7	3.7	4.5
Total	**14.7**	**14 .6**	**13.4**	**27.5**	**13.5**	**14.1**	**12.9**	**28.3**

FY to 31st January

Quarterly sales

Sales for the fourth quarter of the Group's 2008/09 fiscal year totalled €27.5 million, down -2.9% in actual terms and down -6.9% by volume (positive evolution of exchange rates). Excluding the new acquisitions of the Vdot team and of Mindware, consolidated since 15th October 2008 and 16th December 2008 respectively, sales would have been down -4.6% in actual terms and -8.7% by volume compared to the same period of the previous year.

For Licences, the drop in activity over the fourth quarter was essentially a result of the substantial fall of -35% in new business associated with the brutal slowdown in investments within the context of the economic crisis. However, the installed base remained stable, and lays witness to the solidity of ESI Group's business model, which is based on annual rentals and leads to substantial repeat Licence revenue.
For Services, as in previous quarters, organic growth remained buoyant, at +9%. Once external growth is taken into account, Services activity for the 4th quarter of 2008/09 came to €5.3 million, the highest level of quarterly activity ever recorded by the Group.

Annual sales

ESI Group's 2008/09 annual sales totalled 70.2 million euros, up +1.9% in actual terms and +1.8% on a constant exchange rate basis. Given the evolution of the various currencies, the exchange rate situation had a globally neutral effect on the fiscal year as a whole. Excluding external growth, annual sales would have been up +1.2%.
Licence sales totalled 52.6 million euros, down -2.4% and down -2.6% excluding external growth. The +2.3% increase in the installed base resulted in an increase in the rate of repeat business, which remained high at 77% versus 76% the previous year.
Services activity recorded another year of buoyant growth, with sales growth of +17.4%, +14.8% purely organically. Subsequently, the breakdown in activity continued to evolve towards high value-added Services, which now represent 25% of sales.
The breakdown by geographical region was almost unchanged, with 49% of sales recorded in Europe, 35% in Asia and 16% in America. 82% of sales were recorded outside of France.
By business sector, 40% of booked orders came from the automotive sector, 24% from heavy industry, 8% from aeronautics and 6% from defence. This stable split by sector highlights the necessity and advantages of using ESI Group solutions for major car manufacturers and their subcontractors, despite the economic context that is hitting them hard.

Alain de Rouvray, ESI Group's Chairman and CEO, concludes: "*Over the fourth quarter, we noted a sudden fall in activity after a positive first 9 months of the year that saw growth of +8% by volume. The brutal downturn in the economic situation over the fourth quarter resulted in a slowdown in new investments, specifically in Asia, which led to sales below expectations. Given our cost structure, which is virtually unchanged, this slowdown in activity will directly impact our operating profit and will result in an operating margin below our 10% target. However, and compared to the previous year, net profit will benefit from the effectiveness of foreign exchange hedging that we have implemented.*
Beyond the figures themselves, the positive renegotiation of contracts for the annual rental of licences, notably regarding our fourth and most important quarter, highlights the solidity of our

business model. Our recurrent installed base at 31st January 2009 was thus slightly up, reflecting the clear advantages our solutions provide to our historic clients, and notably to car manufacturers, whether it be in terms of improving performance or in terms of contributing to innovation.
Lastly, ESI Group also stands out through the solidity of its balance sheet situation, with low debt and again generating significant positive cash at the end of the 2008/09 fiscal year."

About ESI Group

A virtual test software package publisher, ESI Group is the world-leading supplier, and a pioneer of digital simulation software for prototyping and manufacturing processes that take into account the physics of materials. ESI Group has developed an extensive suite of coherent, industry oriented applications to realistically simulate a product's behaviour during testing, to fine-tune manufacturing processes in accordance with desired product performance, and evaluate the environment's impact on product performance. This offer represents a unique collaborative and open virtual engineering solution known as the Virtual Try-Out Space (VTOS), enabling virtual prototypes to be improved in a continuous and collaborative manner with the gradual elimination of physical prototyping during the product's development phase. ESI Group employs over 700 high-level specialists worldwide covering more than 30 countries. ESI Group is listed in Eurolist compartment C of Euronext Paris. For further information, visit www.esi-group.com.

Listed in Eurolist compartment C of Euronext Paris
ISIN FR 0004110310 - FTSE 977- Bloomberg ESI FP - Reuters ESIG.LN

ESI GROUP has been qualified as "an innovative company" since January 20th 2000 by the OSEO-Anvar and is eligible for inclusion in "FCPI" (venture capital trusts dedicated to innovation).

ESI LISTED NYSE EURONEXT

2008/09 annual results will be published on:
29th April 2009
(after market)