

Sales for the third quarter of 2008/09

Strong growth in Services

Paris, 11 December 2008: ESI Group (ISIN FR0004110310), pioneer and world-leading supplier of digital simulation software for prototyping and manufacturing processes, today announced its consolidated sales for the third quarter ended 31 October 2008 and for the first nine months of its 2008/09 financial year.

Nine-month sales

€m	Nine months 2008/09	Nine months 2007/08	Change % (euros)	Change % (volume)
Licences	30.3	30.0	+1.0%	+4.0%
Services and other revenues	12.3	10.5	+17.3%	+18.9%
Total	42.7	40.5	+5.2%	+7.9%

The financial year ends on 31 January

Sales by quarter

€m	2008/09			2007/08		
	Q1	Q2	Q3	Q1	Q2	Q3
Licences	10.8	10.5	9.1	10.4	10.4	9.2
Services and other revenues	3.9	4.1	4.3	3.1	3.7	3.7
Total	14.7	14.6	13.4	13.5	14.1	12.9

The financial year ends on 31 January

Sales in the third quarter of the 2008/09 financial year totalled €13.4 million, representing year-on-year organic growth of 3.8%. Exchange rates were much more favourable than in the first half, and so the currency effect on revenue was negligible.

Organic growth remained very strong in the Services business, which generated sales of €4.3 million in the third quarter, representing a 16.9% increase relative to the €3.7 million seen in the year-earlier period.

As a result, and taking into account the fact that Licence sales are traditionally weaker in the third quarter of the year, Services accounted for 32.3% of total sales in the third quarter of 2008/09, up from 28.7% in the third quarter of 2007/08.

Sales in the first nine months of the year rose by 5.2% to €42.7 million, with volumes up 7.9%. All of this growth was organic. The Services business made a major contribution to this growth, with volumes up 18.9% and revenue up 17.3% to €12.3 million. Licence sales rose by 1.0%, with volume growth of 4.0%. Strong repeat business from the installed base: Repeat business accounted for 76% of sales in the first nine months of 2008/09, versus 71% in the year-earlier period. This reflects the ongoing heavy volume of licence renewals from main OEMs. The portion of sales from new business fell by 3 points from 29% to 26%. This could denote a lack of visibility among suppliers.

The geographical breakdown of sales was almost unchanged in the first nine months: 15% from the USA, 45% from Europe and 40% from Asia (15%, 43% and 42% respectively in 2007/08).

Recent events: acquisition of the Vdot software platform

On 1 December 2008, ESI Group announced the acquisition of Vdot, a US software platform focused on development process management. Vdot adds an essential component to ESI Group's VisualDSS product, ensuring the synchronisation and real-time updating of actions taken by each participant in a project, and allows rapid and reliable decision-making as part of the PLM (Product Lifecycle Management) process.

The terms of the deal take into account the current uncertainties about the global economy, and do not damage the Group's solid financial position.

Alain de Rouvray, Chairman and Chief Executive Officer of ESI Group, made the following comments: *"Although the third quarter of the year is traditionally not a critical one given the seasonal variations in our business, our sales figures confirm the trend seen in the last two years, i.e. the increasing contribution of high-value-added Services to our overall sales. These Services encourage the use of our solutions, and assist customers in implementing them. Although there has been major disruption to the global economy, our main customers – including carmakers – have shown a high level of confidence in our Virtual Prototyping solutions, which deliver major benefits in terms of productivity and competitiveness. As usual, therefore, we expect our sales to show significant seasonal variations, with most sales coming in the fourth quarter, barring unexpected events arising from the economic situation."*

About ESI Group

ESI Group is a world-leading supplier and 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 behavior during testing, to fine-tune manufacturing processes in accordance with desired product performance, and to evaluate the environment's impact on product performance. ESI Group's products represent a unique collaborative and open environment for Simulation-Based Design, enabling virtual prototypes to be improved in a continuous and collaborative manner while eliminating the need for physical prototypes during product development. The company employs over 700 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.

Listed in Eurolist compartment C of NYSE 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 and is eligible for inclusion in "FCPI" (venture capital trusts dedicated to innovation).



**Next Press release announcement - Full-year Sales 2008/09 :
10 March 2009
(after market)**