



First quarter of FY 2011-12 Turnover and Earnings Continued growth in online sales, for the first time surpassing the symbolic 30% mark Web-to-Print business strengthened

Avanquest Software is posting a turnover of €21.3M for the first quarter of FY 2011/12 (July-September 2011), up 3.8% over the same period of the previous year (July-September 2010).

This growth in activity is led both by the **increasing development of online sales, which for the first time account for more than 30% of sales**, and the external growth strategy designed to compensate for the decline in the offline market while speeding up the shift in economic model towards online.

During the previous financial year, this strategy materialised with the acquisitions of Micro Application (number one in France in consumer application publishing) and PC Helpsoft (specialising in sales of utility software over the Internet).

Consolidated data in €M	1Q 2011/12 Jul-Sep 11	2Q 2010/11 Jul-Sep 10
Turnover	21.3	20.6
Gross margin	12.4	12.4
% of sales	58.1%	60.2%
Current operating income	(1.0)	0.4
Net earnings	(1.2)	(1.4)

In pro forma data*, sales are down by 10.9%, penalised in particular by offline sales, which declined by 24%, while **Web activities are up sharply** (+15% for download sales and 128% for Web-to-print). Over the first quarter, **online sales account for €6.7M, or 31.5% of sales**.

The quarter's earnings reflect the traditionally low level of activity for the period, which includes the summer months, and the underlying downward trend in sales and margins in offline business.

Current operating income thus amounts to -1.0M euros, with net earnings at -1.2M euros, in line with the Group's expectations for the quarter.

* Pro forma: restatement of the previous year at constant scope and exchange rates.

Web-to-Print activity strengthened with the acquisition of Carteland

In October 2011, Avanquest Software acquired Carteland, one of France's leaders in the design and printing of announcements and greeting cards on the Internet. Carteland sales amounts to approximately €3M (with 40% outside France) associated with double-digit profitability.

This acquisition enhances Avanquest Software's **Web-to-Print** activity, a **sector in which the Group is posting strong growth in the United States (+128%)**, and intends to hold a significant position in Europe as well.

Deploying technological and marketing synergies between Carteland and the other Avanquest sites, especially in the United States, will make it possible to speed up the Group's development in this extremely buoyant segment worldwide.

Mostly financed by Avanquest Software's available cash, this acquisition will not significantly change the Group's investment capacity.

Outlook: continued change in the economic model through the growing development of online applications and sales

In order to deal with the shift in the software market from offline to online, Avanquest is pursuing its strategy of **developing online sales and online access to applications**, focusing on three main approaches:

- Launch of **mobile applications and software suites on the Group's cloud technologies** on all Smartphone and tablet platforms (iPhone, iPad, Android and Windows). These solutions and services align perfectly with consumer and business needs, as demonstrated by the agreement signed on October 20 with ProtectCell;
- Worldwide development of the **Web-to-Print business** (remote printing of graphic designs);
- And a switch to SaaS mode for the line of utility software so as to **generate recurring revenue**.

CONTACTS

ANALYSTS - INVESTORS

Thierry Bonnefoi

+33 (0)1 41 27 19 74

tbonnefoi@avanquest.com

COMMUNICATIONS

Christine Sauvaget

+33 (0)1 41 27 19 82

csauvaget@avanquest.com

PRESS RELATIONS

Nicolas Swiatek

+33 (0)1 56 76 58 36

nswiatek@avanquest.com

CODES

Ticker: AVQ

ISIN: FR0004026714