

Press Release

Delft, May 7, 2014

Results first quarter 2014

Exact continues strong growth in cloud

EBITDA and total revenues meet management expectations

- Total reported revenues stable at € 52.2 million in Q1; on an operational basis¹ up 1.8%
- EBITDA amounted to € 10.8 million; decline compared to prior year in-line with expectation, therefore full year guidance maintained
- Higher level of operating expenses compared to Q1 last year reflects the build-up of the cloud organization and product development

Continued strong growth Cloud Solutions; largest increase to date in number of paying companies

- Cloud Solutions revenues up 45.1% to € 6.7 million in Q1
- Annualized recurring revenues up 44.3% to € 27.0 million at the end of Q1
- In Q1 17,735 paying companies added to a total of 163,587
- International rollout on track; UK on plan; start in the US challenging; Germany launched ahead of plan

Business Solutions faces headwind in Q1; full year expectations intact

- Business Solutions revenues down 4.4% to € 27.2 million in Q1; on an operational basis down 3.7%
- License revenues down 6.9% in Q1; on an operational basis 6.2%
- Subscription-based revenue amounted to € 0.2 million; Q1 subscription-based sales at an equivalent of € 0.2 million license revenue
- Attrition in Business Solutions amounted to 8.6% in Q1

Specialized Solutions improving earnings despite weakening of US dollar

- Specialized Solutions revenues down 4.4% to € 18.3 million in Q1, mostly reflecting the weakness of the US dollar; on an operational basis Q1 revenues down 0.6%, reflecting a reclassification of certain activities from Lohn to Business Solutions
- EBITDA up 21.5% to € 4.0 million in Q1; on an operational basis an increase of 28.1%

Erik van der Meijden, CEO Exact Holding: *"The continued strong growth of Cloud Solutions has been the key driver of operational revenue growth for Exact in the first quarter of this year. We have recorded the largest quarterly increase to date in the number of paying companies, bringing the total to over 163 thousand. Overall, the international rollout is progressing well. We are on track in the UK. In the US the start of our cloud business has been slower than anticipated and management is defining actions to remediate. In Germany we launched ahead of plan and the initial customers reacted positively."*

¹ Operational financial figures consider the impact of foreign exchange rates by translating prior year's results at current year's exchange rates.



Business Solutions license revenues encountered some headwinds as some sizeable contracts got postponed into the second quarter. The direct sales team in the Netherlands made further headway and realized a strong increase in the total contract value of new customers in the first quarter. I am pleased with the progress realized by Specialized Solutions.

We will continue to closely monitor the performance of our businesses and focus on a disciplined execution of our strategy."

Group highlights

Amounts in € '000	Q1-2014	Q1-2013	%	% operat'l
Cloud Solutions	6,666	4,593	45.1	45.1
Business Solutions	27,208	28,450	(4.4)	(3.7)
Specialized Solutions	18,293	19,132	(4.4)	(0.6)
Total revenue	52,167	52,175	(0.0)	1.8
OPEX excluding D&A	41,389	39,254	5.4	7.9
EBITDA	10,778	12,921	(16.6)	(16.5)
<i>EBITDA margin</i>	<i>20.7%</i>	<i>24.8%</i>		

Revenues

Total revenue for Q1 amounted to € 52.2 million, stable compared to the first quarter for last year. On an operational basis total revenue increased 1.8%.

Cloud Solutions

Cloud Solutions continued to report strong revenue growth. In Q1, online revenue increased by 44.2% to € 6.5 million. Total revenue, including services revenue, for Cloud Solutions increased 45.1% to € 6.7 million in Q1. Annualized recurring revenue from Exact Online amounted to € 27.0 million at the end of the first quarter.

The number of paying companies using Exact Online increased to a total of 163,587, this represents an increase of 17,735 during Q1. The increase is particularly driven by strong sales in the Netherlands.

In Germany we successfully completed the controlled release of Exact Online ahead of schedule and the product is now commercially available in the German market. The progress in the UK is in line with our expectations. In the US, where we have a different go to market, it appears more difficult to leverage Intuit's platform quickly and management is assessing various actions to boost sales.

Business Solutions

Total revenue for Business Solutions amounted to € 27.2 million in the first quarter, a decline of 4.4% compared to the same period last year. On an operational basis total revenue declined 3.7% in the first quarter. The decline is driven by lower revenue in license and maintenance, partly offset by higher services and subscription-based revenue.

License revenues amounted to € 4.2 million in the first quarter, a decline of 6.9%. On an operational basis the decline is 6.2%. Some larger sales transactions have been postponed to the second quarter of this year. The shift towards subscription-based sales had an adverse effect of 1.6% on license revenue. Business Solutions made further progress in scaling up its target market to larger companies. In the first quarter this year the direct sales team in the Netherlands recorded a significant increase in the total contract value of new customers.

Maintenance & support revenue declined 5.3% to € 19.8 million in the first quarter. The decline is 4.7% on an operational basis. The decrease is driven by lower license sales, migration to Exact Online, discontinuation of DOS-based products as well as regular attrition. Attrition amounted to 8.6% in the first quarter, in-line with last year.

Services revenue in the first quarter increased to € 3.1 million, an increase of 1.8% compared to the same period in 2013. The increase is 3.4% on an operational basis. While the increase is driven across the organization, we have seen a particular increase in consultancy revenue in the Netherlands as a result of higher new business in second half of 2013.

Business Solutions experienced a substantial increase in subscription based sales. In the first quarter subscription based revenues tripled to € 0.2 million.

Specialized Solutions

Total revenues on a reported basis for Specialized Solutions fell by 4.4% to € 18.3 million in the first quarter of 2014. The decline is primarily driven by the weakness of the US dollar impacting the reported revenue from the US units. On an operational basis total revenue decreased 0.6 %. The decline reflects a decrease in Lohn as result of a reclassification of revenue (and expenses) from activities that are now reported under Business Solutions. Adjusted for this reclassification of € 0.2 million, total revenue for Specialized Solution increased 0.5% on a operational basis.

Operating expenses

Operating expenses (excluding depreciation and amortization) increased 5.4% to € 41.4 million in the first quarter. On an operational basis operating expenses increased 7.9%. The increase primarily reflects the development and international expansion of our Cloud organization resulting in a steadily increase in the level of expenses during 2013. For the remainder of 2014, quarterly increases in expenses are projected to be smaller.

Research and development expenses amounted to € 6.6 million in the first quarter of 2014, representing 12.7% of reported revenues, compared to 12.4% in the same quarter in 2013. The increase is primarily driven by R&D expenses for the development of Exact Online. Capitalization of R&D expenses amounted to € 1.9 million, an increase of € 0.6 million compared to the first quarter last year.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

EBITDA decreased by 16.6% to € 10.8 million in the first quarter this year, in line with management expectations. The decline reflects the levered effect of 5.4% higher operating expenses while revenue was stable at € 52.2 million. EBITDA margin was 20.7% in the first quarter.

Outlook

Exact is making significant progress on the execution of its strategy for long term profitable growth. We have a strong focus on innovation, with significant investments in R&D to play into the key trends in the market. We expect Cloud Solutions continuing to grow by 30 to 50% per year in the coming years, as our customer base expands and the international rollout gains traction. For Business Solutions and Specialized Solutions, we are aiming for a low single digit

growth in more mature markets. All in all, we expect to grow total revenues over time with 4 – 7% per annum.

Notwithstanding the higher, internally funded, investments in our growth strategy, our goal for 2014 is to achieve an EBITDA at the same level as in 2013.

Exact. And it all comes together.

Additional segment information

Cloud Solutions

Amounts in € '000	Q1-2014	Q1-2013	%	% operat'l
Online	6,477	4,491	44.2	44.2
Service	189	102	85.3	85.3
Total revenue	6,666	4,593	45.1	45.1
OPEX	10,106	6,841	47.7	48.7
EBITDA	(3,440)	(2,248)	-	-
<i>EBITDA margin</i>	-51.6%	-48.9%	-	-

Amounts in € '000	Revenue	Revenue growth	Paying companies	Annualized recurring revenues
Netherlands	6,035	45.0%	146,565	24,569
Belgium	596	38.3%	16,774	2,250
UK	24	-	160	56
US	7	-	26	54
Germany	4	-	62	24
Total	6,666	45.1%	163,587	26,953

Business Solutions

Amounts in € '000	Q1-2014	Q1-2013	%	% operat'l
License	4,165	4,473	(6.9)	(6.2)
Maintenance	19,779	20,875	(5.3)	(4.7)
Service	3,108	3,052	1.8	3.4
Subscription based revenue	156	50	212.0	212.0
Total revenue	27,208	28,450	(4.4)	(3.7)
OPEX	14,987	15,296	(2.0)	(0.9)
EBITDA	12,221	13,154	(7.1)	(6.9)
<i>EBITDA margin</i>	44.9%	46.2%	-	-

Specialized Solutions

Amounts in € '000	Q1 2014 Americas	Q1 2014 Lohn	Q1 2014 Longview	Q1 2014 Total	Q1 2013 Total	%	% operat'l
License	1,949	222	750	2,921	3,412	(14.4)	(10.3)
Maintenance	6,382	1,579	1,836	9,797	10,239	(4.3)	(0.8)
Service	2,423	735	2,417	5,575	5,481	1.7	5.9
Total revenue	10,754	2,536	5,003	18,293	19,132	(4.4)	(0.6)
OPEX	6,987	2,340	4,993	14,320	15,863	(9.7)	(6.4)
EBITDA	3,767	196	10	3,973	3,269	21.5	28.1
<i>EBITDA margin</i>	35.0%	7.7%	0.2%	21.7%	17.1%	-	-

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ADDITIONAL INFORMATION

Wednesday, May 7, 2014

Analyst & Investor Q&A

14.00 CET (08.00 EST)

Conference call (for analysts and investors)

Conference ID: 1323690

Dial-in numbers

United States: +1 718 354 1152

United Kingdom: +44(0)20 7136 2056

The Netherlands: +31(0)20 716 8296

Two hours after the conference call, a replay will be available on www.exact.com

Presentations

Presentations will be available on www.exact.com at 7:30 a.m. CET

Important dates

May 21, 2014	Annual General Meeting
May 23, 2014	Ex-dividend
May 27, 2014	Record date
May 28, 2014	Payment date final dividend
August 1, 2014	Q2 results
November 5, 2014	Q3 results

About Exact.

Exact is a leading global supplier of business software. Since we began in 1984, our focus has shifted from supporting financial processes to providing a complete ERP offering for small and medium-sized businesses. Innovative solutions such as Exact Globe Next, Exact Synergy Enterprise and Exact Online support over 100,000 customers – local and international companies – in the daily management of their business.

Exact develops industry-specific on-premise and cloud solutions for manufacturing, wholesale and distribution, professional services and accountancy. Exact is headquartered in Delft, the Netherlands, and has been listed on the NYSE Euronext Amsterdam since June 1999. The company booked revenue of € 213 million in 2013.

For further information about Exact, visit www.exact.com or contact:

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