

# Press Release

Delft, April 24, 2013

## Interim Management Statement Q1 2013

### Exact: Significant progress in executing new strategy

Exact Holding N.V. ("Exact" ) is off to a solid start of the year 2013. Total revenue declined as the impact of the restructuring from 2012 was clearly felt, and market circumstances remain challenging. Our cloud business showed a healthy growth and the international roll-out is on schedule.

- Reported revenue € 52.2 million, compared to € 54.0 million over Q1 2012 (decline of 3.4%, or 3.2% on an operational<sup>1</sup> basis). Adjusted for the divestiture of Orisoft, revenue declined 2.6% on a reported basis.
- Turnaround completed, execution of new strategy in progress. Business Solutions revenue decreased in line with expectations due to significant restructuring in Q3 2012. Cloud Solutions continued strong growth. Specialized Solutions experienced a difficult quarter.
- Cloud Solutions continued to grow Annualized Recurring Revenue for Exact Online with over 40% to € 18.7 million.
- EBITDA increased by 11.1% to € 12.9 million from € 11.6 million in Q1 of 2012 as savings accomplished by last year's restructuring now materialize; expenditures expected to ramp-up in the course of 2013.

### Business highlights

Market circumstances remain difficult as we experience continued postponement of investment decisions by customers across most of our markets. Total revenue suffered as a result, showing an overall negative development. However, we clearly saw a positive development within cloud solutions, our main growth area for the coming years.

After the restructuring and integration of the Benelux and International organizations last year, the new organizational structure of Exact is operational. The adjustment of our cost structure has resulted in the expected cost savings, which will be reinvested in our future growth. Expenditures are expected to ramp up leading to an increase of R&D spending as a percentage of revenue to 14% in 2013 and 15% in subsequent years. This will facilitate a higher degree of innovation, vital in maintaining and extending our market leadership.

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



### *Cloud Solutions*

Within Cloud Solutions, sales performed very well, specifically Accountancy and Industry Solutions. Annualized recurring revenue (ARR) for Exact Online continued to grow strongly with more than 40% growth in the first quarter. The efforts for the international roll-out of Cloud Solutions are on track. The controlled release in the UK and the preparation of the controlled release in the US, planned for Q2, are on schedule. In the UK the new sales office has opened and the website is now live. The execution of the ambitious product roadmap for localization and functionality extensions is on schedule.

### *Business Solutions*

Business Solutions increased its focus on new business with larger customers and the strengthening of the sales channel in the largest European countries. Customer intimacy programs were initiated to reduce attrition.

Revenue from Business Solutions has been impacted by last year's restructuring, with the changes to the organization implemented. Costs savings from the restructuring have been realized. Revenue declined in line with expectations, with a growing appetite for the subscription based pricing models that were introduced last year.

### *Specialized Solutions*

Within Specialized Solutions, revenue decline was mainly driven by Exact Macola and Exact Max. Sales cycles have been longer, affecting new site license sales. Revenue within Exact Lohn developed positively, while Longview declined somewhat, mainly due to the very strong incidental service revenue recorded in Q1 2012. Management changes have been implemented and sales teams have been strengthened at Exact Macola, Exact JobBOSS and Longview.

## **Financial highlights**

### *Revenue (by Business Unit)*

(in € thousands)	Q1 2013	Q1 2012	Change	Operational change
<b>Cloud Solutions</b>	<b>4,593</b>	<b>3,257</b>	<b>41.0%</b>	<b>41.0%</b>
<b>Business Solutions</b>	<b>28,428</b>	<b>30,203</b>	<b>(5.9%)</b>	<b>(5.9%)</b>
America's	11,050	11,861	(6.8%)	(6.2%)
Longview	5,254	5,456	(3.7%)	(3.3%)
Lohn	2,851	2,765	3.1%	3.1%
Orisoft	-	452	(100.0%)	(100.0%)
<b>Specialized Solutions</b>	<b>19,155</b>	<b>20,534</b>	<b>(6.7%)</b>	<b>(6.3%)</b>
<b>Total revenue</b>	<b>52,176</b>	<b>53,994</b>	<b>(3.4%)</b>	<b>(3.2%)</b>

Operational change considers the impact of foreign exchange rates by translating prior year's results at current year's exchange rates. Americas includes Exact Macola, Exact JobBOSS and Exact Max

### *Revenue (by category)*

Overall reported revenue for Q1 declined by 3.4% (or 3.2% on an operational basis) to € 52.2 million versus the same quarter last year (€ 54.0 million). If last year's revenue is adjusted for the sale of Orisoft, which was divested in October 2012, the decline on a reported basis would have been 2.6%. Online revenue increased by 43.4% to € 4.5 million. License revenue decreased by 9.4% to € 7.9 million mainly driven by Business Solutions and the America's. Maintenance revenue decreased by 3.0% to € 31.2 million driven by Business Solutions and Exact Macola. Service revenue decreased by 13.9% to € 8.6 million driven by a decline in Business Solutions and strong service revenue recorded in Q1 2012 by Longview.

### *Operating expenses*

Operating expenses declined by 7.3% over the quarter to € 39.3 million (Q1 2012: € 42.4 million), as a result of the restructuring last year. The pace of recruitment is picking up and spending will increase during the course of 2013.

### *EBITDA*

EBITDA on a reported basis increased by 11.1% to € 12.9 million from € 11.6 million, as a result of the effects of the costs savings realised last year, while expenditures have not ramped up. The increase on an operational basis was 10.9%. Research and development expenses on a reported basis (included in operating expenses) increased by 1.6% to € 6.5 million from € 6.3 million, representing 12.4% of revenue. The increase was primarily driven by R&D expenses for the development of Exact Online. Depreciation and amortization increased slightly to € 2.4 million, from € 2.3 million a year earlier. Reported EBIT increased by 12.3% from € 9.4 million to € 10.5 million (or 12.0% on an operational basis).

### *Cash position*

The cash position increased by € 15.4 million to € 73.6 million compared to December 31, 2012 (€ 58.2 million). Q1 2012 cash position was € 72.7 million.

## **Outlook 2013**

Exact is making significant progress on its strategy now that the organizational turnaround has been completed. Investments in R&D and commercial routes to market have been identified to push total revenue growth over time towards the envisaged revenue growth level of 4 – 7%. We expect Cloud Solutions to grow by 30 to 50% per year in the coming years, as our customer base expands. For Business Solutions and Specialized Solutions, we are aiming for a low single-digit growth in more mature markets.

The challenging economic climate in which we operate continues to put pressure on results. The performance in the first quarter was in line with management expectations. Management reiterates the full-year outlook, as given at the announcement of the 2012 results in February of this year, of EBITDA between € 47 million and € 52 million.

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## **Exact. And it all comes together.**

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, Exact Synergy 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 € 217.1 million in 2012.

For further information about Exact, visit [www.exact.com](http://www.exact.com).

### **For further information**

#### **Media Relations**

Exact Holding N.V.  
Jelle Zuidema  
Tel: +31 (0)15 711 5462 or +31 (0)6 4179 4588

#### **Investor Relations**

Exact Holding N.V.  
Onno Krap  
Tel: +31 (0)15 711 5001  
E-mail: [ir@exact.com](mailto:ir@exact.com)

Citigate First Financial  
Claire Verhagen  
T: +31 (0) 20 575 4010 or +31(0)6 5051 6325  
E: [Claire.Verhagen@citigateff.nl](mailto:Claire.Verhagen@citigateff.nl)

Exact Holding N.V.  
P.O. Box 5066  
2600 GB Delft  
The Netherlands

Tel: +31 (0)15 711 5000  
Fax: +31 (0)15711 5010

[www.exact.com](http://www.exact.com)

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