UNIT4 N.V. reports growth in revenues and operating profit

Sliedrecht, the Netherlands, 14 February 2014: UNIT4 N.V., the global cloud-focused business software group listed on the Amsterdam Stock Exchange, today announced its financial results for 2013.

Full year 2013

- **SaaS and subscriptions grew 42.3% compared with 2012**
- **Total revenue increased by 4.4% to €490.5 million (2012: €469.8 million)**
- **FinancialForce.com revenue increased 85% with annual run rate up 80% to $30.6 million**
- **EBITDA, including FinancialForce.com and excluding costs related to project Unique[1], rose by 13.2% to €97.6 million (2012: €86.2 million)**
- **EBITDA, excluding FinancialForce.com and costs related to project Unique, increased by 14.7% to €109.3 million (2012: €95.3 million)**
- **EPS before goodwill related items declined by 31.4% from €1.88 to €1.29, due to the valuation of a tax asset in 2012 and costs related to project Unique**
- **Recommended cash offer on 20 December 2013 by Advent for all issued and outstanding ordinary shares of UNIT4**

Revenue

amounts in € 1 million, unless otherwise stated	2013	2012	Δ%	Q4 2013	Q4 2012	Δ%
SaaS and subscriptions	68.3	48.0	42.3%	18.2	13.0	40.0%
Products	72.2	76.4	-5.5%	23.2	23.3	-0.4%
Contracts	195.2	196.3	-0.6%	49.5	51.3	-3.5%
Services & others	154.8	149.1	3.8%	43.3	40.7	6.4%
Revenue	**490.5**	**469.8**	**4.4%**	134.2	128.3	4.6%

While SaaS and subscription revenues continued to show a strong upward trend, with a growth of 42.3% compared with 2012, the traditional perpetual product revenue showed a small decline of 5.5% towards an amount of €72.2 million (2012: €76.4 million).

The strong growth in SaaS and subscriptions resulted in a growth in the annual run rate from €57.0 million at year-end 2012 to €79.4 million at year-end 2013, an increase of €22.4 million or approximately 40%. This implicitly means that the SaaS and subscription business has exceeded the traditional product license sale.

The trend towards SaaS and subscriptions is clearly evident and UNIT4 is actively shifting towards this model. Although a significant part of our ERP installations and extensions are still requested and installed as 'on-premises' solutions, increasing numbers of potential customers are considering moving to the cloud, including for full ERP suites. This shift had a larger impact on revenues in the fourth quarter, and in particular December.

[1] Project Unique was the name for the public-to-private project, which resulted in the public offer from Advent dated 20 December 2013. The amount of €6.2 million contains costs related to this specific project like costs related to lawyers and other advisors, costs regarding fairness opinion, the costs related to performance shares for management, etc. The success fees for bankers and advisors which become payable when this project is successfully completed are not recognized in accordance with the International Financial Reporting Standards.

In 2013 total revenue grew by 4.4% to €490.5 million (2012: €469.8 million). Contract revenue declined slightly by 0.6%, mainly due to currency effects (e.g. Norwegian Krone, Pound Sterling, US Dollar). Total recurring revenues now represent almost 54% of total revenues (2012: 52%).

Service revenues grew by almost 4% to €154.8 million, partly due to the improvement of utilization in most areas.

Operating margin

amounts in € 1 million, unless otherwise stated	2013	2012	Δ%	Q4 2013	Q4 2012	Δ%
Revenue	**490.5**	**469.8**	**4.4%**	*134.2*	*128.3*	*4.6%*
Gross margin	454.6	434.2	4.7%	*123.6*	*118.4*	*4.4%*
Costs	363.2	348.0	4.4%	*96.5*	*89.7*	*7.6%*
EBITDA	**91.4**	**86.2**	**6.0%**	*27.1*	*28.7*	*-5.6%*
Project Unique	6.2	0.0	pm	*5.6*	*0.0*	pm
EBITDA excluding Project Unique	**97.6**	**86.2**	**13.2%**	*32.7*	*28.7*	*13.9%*
Gross margin %	92.7%	92.4%	+0.3 pts	*92.1%*	*92.3%*	*-0.2 pts*
EBITDA %	18.6%	18.3%	+0.3 pts	*20.2%*	*22.4%*	*-2.2 pts*
EBITDA% excluding Project Unique	19.9%	18.3%	+1.6 pts	*24.4%*	*22.4%*	*+2.0 pts*

Despite the increased investment in FinancialForce.com (see FinancialForce.com section for more details) and increased restructuring costs to an amount of €7.8 million (2012: €4.7 million), EBITDA excluding Project Unique grew by 13.2% to €97.6 million (2012: €86.2 million). The EBITDA margin excluding Project Unique grew from 18.3% in 2012 to 19.9% in 2013.

CFO Edwin van Leeuwen said: “Accelerated growth in SaaS and subscriptions causes short term pressure on profit margins, but by driving efficiency and exercising tight cost control we were able to increase the operating margin in 2013. Also the decline in product licenses was lower than expected.”

EBITDA excluding investments in FinancialForce.com and excluding the costs related to project Unique grew by 14.7% to €109.3 million (2012: €95.3 million). This margin improved from 20.7% to 23.0%.

The restructuring in 2013 relates primarily to staff reductions in Germany, Spain and the Benelux.

The (average) number of FTE’s decreased to 4,156 FTEs (2012: 4,160 FTEs).

Net profit

amounts in € 1 million, unless otherwise stated	2013	2012	Δ%
EBITDA excluding Project Unique	**97.6**	**86.2**	**13.2%**
Project Unique	6.2	0.0	pm
Amortization of goodwill related items	27.3	37.0	-26.2%
Depreciation on intangible fixed assets, property, plant and equipment	29.6	26.4	12.1%
Net Finance charges	12.1	9.6	26.0%
Profit before tax	**22.4**	**13.2**	**69.7%**
Income tax	7.6	-10.3	-173.8%
Income tax %	33.9%	-78.0%	111.9 pts
Net profit	**14.8**	**23.5**	**-37.0%**
Net profit (before goodwill related items)	**38.2**	**55.3**	**-30.9%**
Earnings per share (in €)			
EPS (basic)	0.56	0.83	-32.5%
EPS (before goodwill)	1.29	1.88	-31.4%
EPS (before goodwill and Project Unique costs)	1.49	1.88	-20.8%

The profit before tax grew in 2013 by 69.7% to €22.4 million due to lower amortization of goodwill related items. The lower amount of amortization of goodwill related items in 2012 is related to the fact that in 2012 the goodwill had been impaired by a total amount of €12.2 million, mainly in relation to Poland (€8.5 million) and Spain (€3.1 million) where the impairment in 2013 was €2.9 million in total and mainly related to Spain (€2.6 million). The net finance charges increased with €2.5 million which was the result from the impairment of the loan of €6.9 million towards a former external partner in Poland (see for further details the Risks and uncertainties paragraph in this document) and the effect from an increase in the value of the interest SWAPs related to the interest hedge for the syndicated loan.

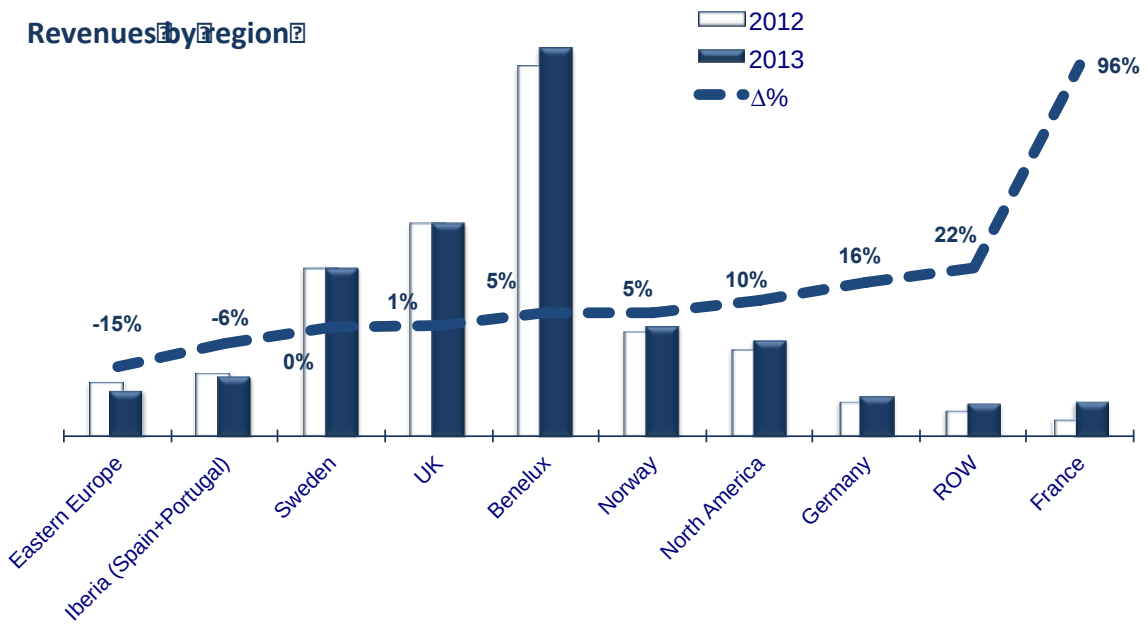
The decline of 32.5% in EPS (basic) compared with 2012 is primarily related to project Unique costs and the fact that in 2012 the income tax was negative because of the valuation of a tax asset regarding a tax facility related to Intellectual Property.

Liquidity position and cash flow

Cash flow from operations excluding tax and interest improved 2.3% to €91.9million (2012: €89.8 million).

The cash position at year-end 2013 amounted to an overdraft of €3.3 million (2012: overdraft of €3.2 million), while the net debt position was €119.2 million (2012: €120.9 million).

International growth



2013 saw strong growth group-wide in SaaS and Cloud based solutions, and UNIT4 is well positioned to further benefit from the rapid market trend away from traditional on premise systems. In the UK we enjoyed significant success from a strategic partnering model, which we are now seeking to develop across the group.

The **UK**'s long-term partner strategy delivered major joint initiatives. Following a contract with arvato, Agresso became the cloud based platform for the UK Government's first independent shared service centre. The BT Global Services contract for London Tri-Boroughs shared service saw Agresso again delivered via a cloud based service.

In **North America** SaaS revenues grew 41%. We continued to build momentum in key service sectors including non-profit, financial services and local government, with successes included like a $2.3M agreement with the City of Medicine Hat.

In **Germany** we signed significant local government contracts and successfully went live on Agresso in four Saxony state organizations in less than six months. We signed up more than 20 new partners to implement and resell UNIT4 solutions.

In Spain and Portugal, the ekon cloud business grew by 60% while Agresso sales were up 80% including contracts at Randstad in Portugal and Kutxa Bank in Spain.

In Benelux, the **Business Software** division made significant progress in Higher Education (signing Wageningen University & Research Centre), the commercial sector, the Belgian government sector and with Agresso Wholesale. The **Accountancy** division added 175 new customers, launched a new cloud product, UNIT4 Online Collaboration, and entered the Belgian market, winning BDO Belgium.

The **Healthcare** division achieved double digit growth and proved successful in larger organizations including Stichting Philadelphia and Cicero Zorggroep. UNIT4 **HR Solutions**

enjoyed 50% growth in Managed Payroll Services, while the **i-Signaal** division delivered 30% revenue growth with significant deals including Aegon and ASR.

The **Financiële Intermediairs** (insurance broker software) division saw strong sales and launched solutions for "Straight Through Processing" and on-line insurance sales. **UNIT4 IT Solutions'** hybrid computing business grew fast and it opened more datacenter locations in UK and North America to support UNIT4's cloud delivery strategy worldwide.

In **Sweden** strategic deals included the City of Gothenburg and HSB GIT and cloud sales continued strongly. A record year in **Norway** saw high growth and 31 new customers, including 13 in local government and 10 resulting from a new focus with partner IT-Nor on fast growing SMEs mainly in the oil service sector. In **Denmark** revenue grew 79% with SaaS up 30%. Agresso was sold to one of the country's largest companies.

In **France** we bought our distributor Agresso France, and consolidated three operations into a single entity. Even with all this change license revenue grew 25%.

In **Asia**, we saw a remarkable 50% growth in licenses and 35% growth in SaaS. UNIT4 Prosoft's HRMS introduced Chinese payroll capabilities, which will open up more market opportunities in the region.

FinancialForce.com

FinancialForce.com, our US-based cloud applications company formed with minority investment from salesforce.com, again grew strongly in 2013. Investment in FinancialForce.com was increased to support the growing momentum and opportunities in the fast-growing cloud applications market.

Total revenue grew 85%, with run rate value in December 2013 (including services) reaching $30.6 million, compared to $17.0 million in December 2012 (+76%) and $21.5 million in June 2013. This illustrates how strongly growth accelerated in the last few months, while only limited revenues could be recognized.

The number of new customer deals was up more than 50% over 2012, with growth achieved across the small business, mid-market and enterprise sectors. Notably, FinancialForce.com's penetration of the enterprise market increased, particularly with its Billing and PSA applications. The number of customers using both core applications - Accounting and Professional Services Automation (PSA) - more than doubled and deal size (annual run rate) also grew.

To meet the needs of the growing enterprise customer base, FinancialForce.com recently completed a SOC 1 Type II audit, providing publicly traded customers with an additional layer of compliance and security. More information can be found at: trust.financialforce.com.

In order to drive growth staff numbers increased with 60% in 2013 to 250 FTEs across the US, UK and Spain and investment in marketing grew by more than 75%.

In November 2013, the company moved closer to providing a full cloud ERP with two acquisitions: Vana Workforce, a global human capital software provider and maker of a leading HR application on the Salesforce platform, and the business and assets of Less Software including the firm's Supply Chain Management (SCM) solutions. The applications have been re-branded FinancialForce Human Capital Management (HCM) and FinancialForce Supply Chain Management (SCM) respectively. FinancialForce.com can now

offer companies an unified set of applications sharing the same cloud as Salesforce CRM including Financial Management, Professional Services Automation, Supply Chain Management and Human Capital Management.

FinancialForce.com picked up more industry acknowledgments in 2013, being listed in the AlwaysOn Networks Global250 and the OnDemand 100 for its outstanding accomplishment in the cloud. FinancialForce Accounting was named Software Product of the Year in the Business Finance Awards and the company was honored by San Francisco Business Times as a "Best Place to Work" and UK's Great Place to Work survey.

Recommended cash offer by Advent International

On 18 November 2013 UNIT4 and Al Avocado B.V., a company ultimately indirectly controlled by funds advised and managed by Advent International Corporation, jointly announced that they had reached conditional agreement on the intended public offer for all issued and outstanding ordinary shares in the capital of UNIT4 at an offer price of EUR 38.75 (cum dividend) in cash per issued and outstanding ordinary share of UNIT4 (the "**Offer**"). The Offer Memorandum was published on 20 December 2013. The Offer values 100% of the UNIT4 shares at EUR 1,172 million. The Offer condition in relation to competition clearance has been satisfied following regulatory clearance from the European Commission and the Federal Trade Commission and Antitrust Division of the US Department of Justice in connection with the Offer.

An extraordinary general meeting of shareholders shall be held at 15:00 hours on 19 February 2014. Holders of shares in the capital of UNIT4 shall have the opportunity until 28 February 2014 at 17:40 hours CET to tender their shares under the Offer, unless the Offer period is extended.

More details are available on our website www.unit4.com/investors.

Commenting on the future, UNIT4's new CEO José Duarte said: "Business change is the new norm and it's accelerating. Business agility is not something most ERP software has traditionally provided. Enterprise IT infrastructures were built to last, not built to change, but vendors have to re-architect and re-imagine software to enable and support change. Social, mobile, analytics, and cloud are the four megatrends impacting most businesses. Our recent Agresso Milestone 4 software launch signifies a new era of ERP built for people-centric businesses, innovating with new social and mobile technologies, analytics and cloud. We're in a strong position to capitalize on these trends based on the most change-friendly software on the market and we're excited about the future."

Outlook

Despite an increased shift towards subscription billing, which typically causes short term pressure on revenue and profitability, the management of UNIT4 expects single digit growth in both revenue and EBITDA for 2014.

Dividend

No dividend is proposed for 2013.

Risks and uncertainties

In 2012, related to accounting irregularities, a financial arrangement was contractually agreed between UNIT4 TETA SA (Poland) and a former external partner resulting a loan amounting to PLN 29.2 million (€6.9 million) that is to be received in five years, starting from end of 2012. On 31 December 2013 the first repayment for an amount of PLN 1.5 million (€0.4 million) was due but has not yet been received. UNIT4 TETA SA has started to collect this first repayment via the court through formally signed Bills of Exchange. Taking the most recent information into consideration UNIT4 has serious doubts about the continuity of the external partner and the possibility to secure the future payments through enforcement of the Bills of Exchange. The loan is also secured through pledges on certain intangible assets of the external partner. UNIT4 is investigating its ability to collect those assets and the current valuation hereof. The possible enforcement of the pledges is subject to third party approvals. The assets are subject to technological obsolesce and UNIT4 expects the market to sell those assets to be difficult. Because of these recent developments and the uncertainty of any future recovery UNIT4 found this loan to be impaired and has fully provided for this loan end 2013.

This document contains certain future expectations about the financial state of affairs and results of the activities of UNIT4 as well as certain related plans and objectives. Such expectations for the future are naturally associated with risks and uncertainties because they relate to future events, and as such depend on certain circumstances that may not arise in the future. Various factors can cause real results and developments to deviate considerably from explicitly or implicitly made statements about future expectations. Such factors may for instance be changes in expenditure by companies in important economies, statutory changes and changes in financial markets, in pension costs, in the salary levels of employees, in future exchange and interest rates, in future takeovers or divestitures and the pace of technological developments. UNIT4 therefore cannot guarantee that the expectations will be realized. UNIT4 also will not accept any obligation to update statements made in this document.

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About UNIT4

UNIT4 is a global cloud-focused business software and services company aimed at helping dynamic public sector and commercial services organizations to embrace change simply, quickly and cost. The Group incorporates a number of the world's leading change embracing software brands including Agresso, our flagship ERP suite for mid-sized services intensive organizations; Coda, our best-of-class financial management software; and FinancialForce.com, the cloud applications company formed with investment from salesforce.com. With operations in 26 countries worldwide, its revenue was €490.5 million in 2013.

UNIT4 is headquartered in Sliedrecht, the Netherlands and has almost 4,300 employees. It is listed on Euronext Amsterdam and is included in the Amsterdam Midcap Index (AMX). For more information on UNIT4 or any of its operating companies, please visit the website at www.unit4.com, follow us on Twitter @UNIT4 Group or join us on Facebook at www.facebook.com/UNIT4BusinessSoftwareNV.

1. CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2013

(€ x 1,000)	2013	2012
SaaS and Subscriptions	68,307	47,979
Products	72,217	76,358
Contracts	195,135	196,310
Services and other	154,828	149,123
Revenue	**490,487**	**469,770**
Cost of sales	35,865	35,609
Gross profit	**454,622**	**434,161**
Employee costs	307,230	294,426
Other operating expenses	55,991	53,567
Operating result before depreciation and impairment (EBITDA)	**91,401**	**86,168**
Depreciation of property, plant and equipment and amortisation of intangible assets	56,884	63,338
Operating result (EBIT)	**34,517**	**22,830**
Finance costs	17,932	16,129
Finance income	5,402	6,322
Share of profit of an associate	445	212
Profit before tax	**22,432**	**13,235**
Income tax	7,659	-10,292
Profit for the year	**14,773**	**23,527**
Attributable to:		
Shareholders of UNIT4	16,577	24,292
Non-controlling interests	-1,804	-765
	14,773	23,527
Earning per share in € (attributable to shareholders of UNIT4)		
- Basic earnings per share	0.56	0.83
- Diluted earnings per share	0.56	0.83

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

(€ x 1,000)	2013	2012
Profit for the year	**14,773**	**23,527**
Other comprehensive income to be reclassified to profit or loss in subsequent periods		
Currency translation differences on translation of foreign operations [1]	-9,473	11,226
Reclassification of revaluation of former subsidiary [1]	-268	0
Currency translation differences on hedge of net investment [1]	0	-25
Total other comprehensive income to be reclassified to profit or loss in subsequent periods	**-9,741**	**11,201**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Actuarial gains and losses on defined benefit plans	324	-2,437
Income tax effect	-81	609
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods	**243**	**-1,828**
Total comprehensive income for the year after taxes	**5,275**	**32,900**
Attributable to:		
Shareholders of UNIT4	7,520	32,802
Non-controlling interests	-2,245	98
	5,275	32,900

[1] Income tax is not applicable for these items within the period

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2013

(€ x 1,000)	31 December 2013	31 December 2012
Assets		
Non-current assets		
Goodwill	171,344	174,095
Intangible assets (excluding goodwill)	181,768	202,076
Property, plant and equipment	41,554	37,109
Investment in associates and joint ventures	12,448	5,424
Other financial assets	2,751	11,561
Deferred tax asset	45,055	50,587
	454,920	**480,852**
Current assets		
Inventories	520	642
Trade and other receivables	97,729	97,842
Income tax asset	1,341	246
Other taxes	755	503
Cash and cash equivalents	23,126	33,906
	123,471	**133,139**
Total assets	**578,391**	**613,991**
Equity and liabilities		
Equity		
Issued capital	1,485	1,473
Share premium	318,478	314,189
Currency translation differences reserve	-18,207	-8,907
Retained earnings	-69,271	-81,549
Profit for the year	16,577	24,292
Equity attributable to UNIT4	**249,062**	**249,498**
Non-controlling interests	-3,460	8,152
Total equity	**245,602**	**257,650**
Non-current liabilities		
Interest-bearing loans and borrowings	97,908	90,416
Pension obligations	1,054	6,961
Deferred tax liability	34,832	45,680
Provisions	3,156	2,231
	136,950	**145,288**
Current liabilities		
Provisions	2,780	2,608
Trade and other payables	17,296	17,818
Interest-bearing loans and borrowings	44,410	64,098
Income tax payable	6,624	9,627
Other taxes	22,966	22,945
Other liabilities, accruals and deferred income	101,763	93,957
	195,839	**211,053**
Total equity and liabilities	**578,391**	**613,991**

4. CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

(€ x 1,000)	2013	2012
Cash flows from operating activities		
Operating result (EBIT)	**34,517**	**22,830**
Adjustments for:		
Depreciation and impairment	56,884	63,338
Share-based payments	5,704	773
Conversion of pension plan to defined contribution plan	-5,140	0
Changes in provisions	-1,151	373
Changes in operating capital	1,047	2,536
Cash flows from operations	**91,861**	**89,850**
Interest paid and received	-2,334	-377
Income tax paid	-16,458	-14,271
Cash flows from operating activities	**73,069**	**75,202**
Cash flows from investing activities		
Investments in intangible assets	-30,861	-29,189
Acquisition and divestment of subsidiaries, net of cash and cash equivalents acquired	-8,153	-18,122
Investment in associates	-1,663	0
Investments in other financial assets	-1,291	-8,583
Repayment of other financial assets	35	795
Dividend from securities	30	0
Investments in property, plant and equipment	-15,979	-8,047
Cash flows from investing activities	**-57,882**	**-63,146**
Cash flows from financing activities		
Proceeds from issue of shares	4,300	2,791
Payments of borrowings	-27,090	-115,158
Dividends paid	-13,502	-11,964
Interest paid	-3,952	-3,878
Proceeds from borrowings	28,229	120,774
Acquisition of non-controlling interest	3	18
Cash flows from financing activities	**-12,012**	**-7,417**
Net cash flows	3,175	4,639
Currency translation differences	-3,267	2,283
Cash and cash equivalents at 1 January	-3,192	-10,114
Cash and cash equivalents at 31 December	**-3,284**	**-3,192**