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PRELIMINARY RESULTS FOR
THE YEAR ENDED 30 APRIL 2010

24 June 2010



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HIGHLIGHTS

FY10 Financial Highlights

Solid financial results

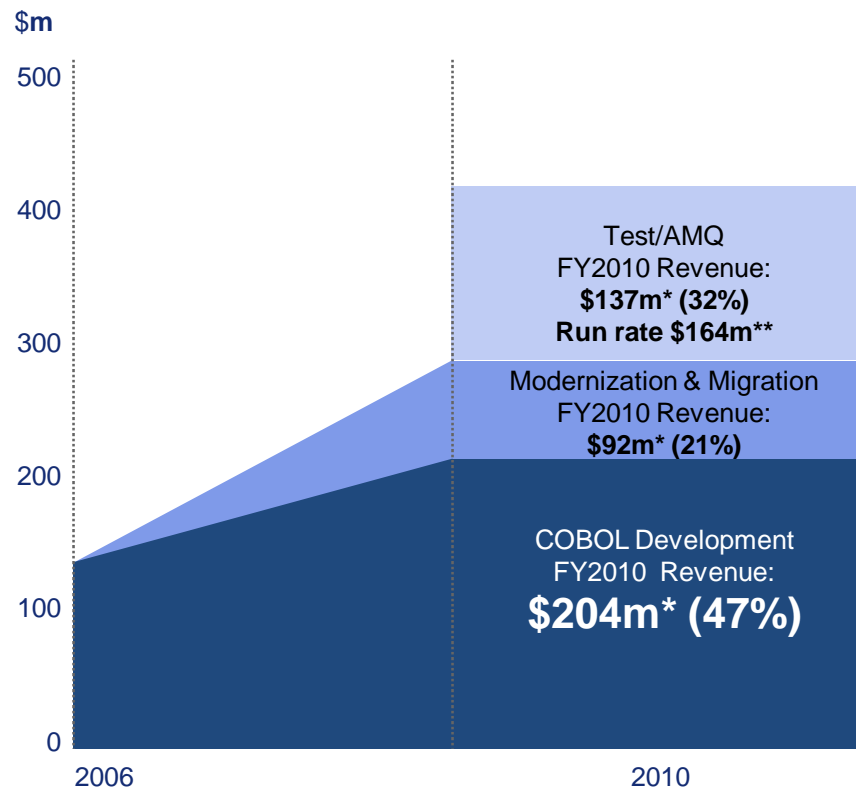
- 57.5% total revenue growth, including acquisitions, to \$432.6m
- 4.7% like for like growth from COBOL Development and Modernization & Migration, at constant currency
- 40.1% Group Adjusted EBITDA margin, including acquisitions, to \$173.2m
- Operating cash flow conversion pre-exceptionals at 80%*
- Net debt at 30 April 2010 reduced to \$68.2m
- Dividend up 40% to 21.8 cents per share

“A good result from a good business”

* EBITDA after exceptionals to operating cash flow percentage

GROWTH POTENTIAL: \$6.4 BILLION MARKET OPPORTUNITY

Transformation since IPO



Market growth

\$4B Test/AMQ

- Revenue stabilised FY10
- Reversion to growth FY11
- Market challenger

\$1.7B Modernization & Migration

- Target double digit growth
- Migration to open systems & cloud
- Capitalises on AMQ & COBOL Development products
- Continue & strengthen leadership position

\$0.7B COBOL Development

- Single digit growth
- Market leader
- Resilient business model, high maintenance renewals

\$6.4B Market Opportunity

* Management's estimates **Run rate is 2XH2 revenues



FIRST 60 DAYS – IMPRESSIONS

“Good”

- Exciting \$6.4B market opportunity
 - Delivering customer value as a result of relevant Micro Focus propositions
 - Leading COBOL market position – extensive technology expertise and experience
 - Challenger in AMQ, leader in Modernization and Migration
 - Growing number of large deals – 41 in FY10, up from 17 in FY09

- Strong, sustainable margins; robust cash generation

- ‘Assets’
 - Broad geographic reach
 - Multiple partnerships
 - Valued technology and consulting expertise
 - Ambitious company - proven acquisition and integration capability

FIRST 60 DAYS – IMPRESSIONS

“To Move from Good to Great”

- Aligning the company around the expanded market opportunity
- Improvements in:
 - High volume, low value transactions
 - Lead generation process
 - Consulting and professional services
 - Maintenance renewals in AMQ
 - Continued focus on cost deployment
- Investments in:
 - Organic growth, eg improved product management and development
 - Acquisition strategy for growth markets

AMBITION

Move from Good to Great

Delivering outstanding shareholder returns

FINANCIAL REVIEW





FINANCIAL HIGHLIGHTS

Income Statement

- Revenue up 57.5% to \$432.6m (FY09: \$274.7m)
- Organic revenue growth in COBOL Development and Modernization & Migration business was 7.7% at constant currency, 4.7% on a LFL basis
- Adjusted EBITDA margin of 40.1%; up 46.0% to \$173.3m (FY09: \$118.6m)
- Adjusted operating profit up 45.2% to \$168.0m (FY09: \$115.6m)
- Adjusted earnings per share up 37.9% to 57.3 cents (FY09: 41.5 cents)
- Final dividend up 46% to 16.2 cents per share (FY09: 11.1 cents per share), full year dividend up 40% to 21.8 cents

Cash Flow & Balance Sheet

- Operating cash generated \$102.8m (after exceptional cash costs of \$38.6m) (FY09: \$105.0m)
- Acquisitions (including restructuring) utilised \$223.8m of cash
- Net debt at 30 April 2010 of \$68.2m (30 April 2009: net cash \$32.8m)

REVENUE ANALYSIS BY ACTIVITY

Group business (at actual currency)

	2010 \$m	%	2009 \$m	%
Licence fees	183.7	42.5	130.8	47.6
Maintenance fees	219.1	50.6	132.3	48.2
Consultancy fees	29.8	6.9	11.6	4.2
Total revenue	432.6	100.0	274.7	100.0

REVENUE ANALYSIS BY ACTIVITY

Group business (at constant currency)

	2010 \$m	2009 \$m	Growth %
Licence	131.2	130.3	0.7
Maintenance	141.6	132.5	6.9
Consulting	14.4	11.6	24.1
	287.2	274.4	4.7
Impact of 2009 acquisitions	8.3	—	
COBOL Development and Modernization & Migration	295.5	274.4	7.7
Acquisitions after 1 May 2009	137.1	—	
Total revenue pre currency impact	432.6	274.4	57.7
Currency	—	0.3	
Total reported revenue	432.6	274.7	57.5

AMQ H2 Revenue: Licence \$28.9m, Maintenance \$44.6m, Consulting \$8.6m

COBOL DEVELOPMENT AND MODERNIZATION AND MIGRATION : GEOGRAPHIC REVENUE ANALYSIS

COBOL Development and Modernization & Migration business (at constant currency)

	2010 \$m	2009 \$m	Growth %
North America	127.4	124.0	2.8
Europe, Middle East, Latam & India	123.3	112.9	9.2
Asia Pacific	36.5	37.5	(2.7)
	287.2	274.4	4.7
Impact of 2009 acquisitions	8.3	—	
COBOL Development and Modernization & Migration	295.5	274.4	7.7

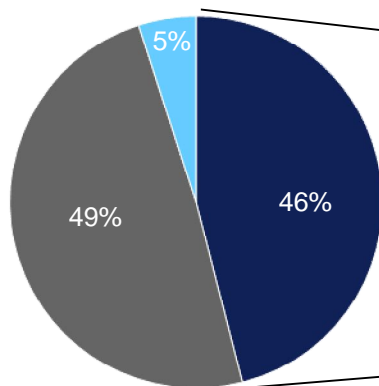
GROUP COBOL DEVELOPMENT AND MODERNIZATION & MIGRATION REVENUE ANALYSIS

COBOL Development and M&M revenue breakdown

Licence revenue breakdown

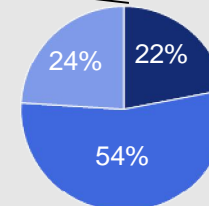
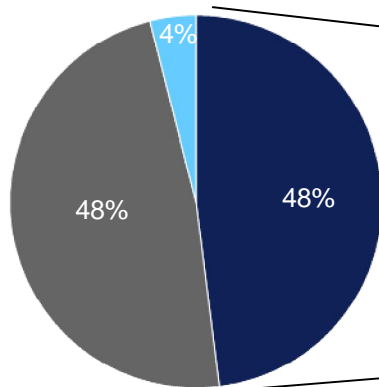
FY10;
\$295.5m

- Licences
- Maintenance
- Consulting

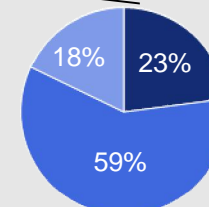


FY09;
\$274.4m

- Licences
- Maintenance
- Consulting



- ISV/OEM
- High Volume/Low Value
- Larger Transactions



- ISV/OEM
- High Volume/Low Value
- Larger Transactions

SEGMENTAL INCOME STATEMENT

	1H10	2H10	FY10	\$m Period Ending 30 April				
Group Revenue	198.4	234.2	432.6	2010	2009	Growth		
Group EBITDA	78.0	95.3	173.3	COBOL Development and Modernization & Migration	Revenue	296	274	8%
Group Margin	39.3%	40.7%	40.1%	EBITDA	120	118	2%	
				%	41%	43%	-2%	
				AMQ(acquired in FY2010)	Revenue	137		
				EBITDA	53			
				%	39%			
				TOTAL	Revenue	433	274	58%
				EBITDA	173	118	46%	
				%	40%	43%	-3%	

Modernization & Migration

- Accounted for 21% of Group revenues in FY10 (\$92m)

GROUP: COSTS

Operational expenditure

	FY10	FY09
Revenue (\$m)	432.6	274.7
Sales & distribution (\$m)	128.1	78.1
% revenue	30%	28%
R&D (\$m)	56.8	34.1
% revenue	13%	12%
G&A - excl exceptionals (\$m)	44.9	33.1
% revenue	10%	12%

EBITDA RECONCILIATION

	Year ended 30 April 2010 (unaudited) \$'000	Year ended 30 April 2009 (audited) \$'000
Operating profit	105,417	91,211
Exceptional items – reorganisation costs	45,088	14,907
Share-based compensation charge	3,069	2,407
Amortisation of purchased intangibles	14,399	7,123
Adjusted operating profit	167,973	115,648
Depreciation	4,202	1,910
Amortisation of software	1,165	1,037
Adjusted EBITDA	173,341	118,595
EBITDA	125,184	101,281
Exceptional items – reorganisation costs	45,088	14,907
Share-based compensation charge	3,069	2,407
Adjusted EBITDA	173,341	118,595

CASH FROM OPERATIONS

	FY 10	FY09
	\$m	\$m
Operating profit	60.3	76.3
Exceptionals	38.6	14.9
Share-based comp	3.1	2.4
Depreciation & amort	27.9	15.7
PPE disposals	0.2	0.4
Exchange movements	(2.8)	3.4
Change in Working Cap		
Trade receivables**	(21.8)	2.1
Accruals prepayments	2.9	(6.8)
Deferred revenues	(5.6)	(3.4)
Operating Cashflow	102.8	105.0
Cashflow conversion*	80%	101%
DSO	54 Days	51 Days

*Operating cashflow divided by EBITDA (less stock compensation)

** Primarily due to acquisition of AMQ business of Compuware – transitional effect that will unwind in current year

NON OPERATING ITEM TREATMENT

Treatment of R&D Capitalisation

We capitalise R&D work where we have created an asset and these assets are amortised over three years. In FY2010 we capitalised \$15.5m (2009: \$7.7m) and amortised \$7.9m (2009: \$5.4m). In 2H 10 the net asset created was \$4.4m, which will reduce marginally in future periods as the amortisation charge increases.

Currency

The existing profile of revenue and costs across several currencies has in the past provided a natural hedge at a EBITDA level against currency movements. The profile of the main currencies is:

	Revenue	Costs
US\$	49%	41%
Euro	27%	23%
GBP	4%	23%
Yen	7%	2%

Interest

In addition to the cost of the loan, we have incurred cost for the unused facility and the amortisation over 3 years of the cost of the loan facility. The FY2010 amortisation charge was \$3.9m.

Tax

The likely effective tax rate in FY11 is 26%

Amortisation

The amortisation on the purchased intangibles in FY2010 was \$14.4m

FINANCIAL SUMMARY

- Modernization & Migration revenues are now 21% of Group revenue (\$92m)
- AMQ delivered \$82.1m in 2H. Division stabilised and now planned to revert to licence growth
- EBITDA margin continues to exceed 40%
- Underlying cash conversion strong
- Proposed final dividend increased by 46%

SUMMARY & OUTLOOK





SUMMARY

- **FY2010 was a transformational year for Micro Focus:**
 - Now have a great market opportunity
 - >50% of revenues are coming from higher growth segments
 - Solid financials: >40% EBITDA margins, strong cash conversion

- **Focus now on execution**



OUTLOOK

- **Margin**
 - We expect Group EBITDA margin will remain at approximately 40%, reinvesting for growth as appropriate
- **Balance sheet**
 - Move from net debt to net cash positive before the end of April 2011
- **Growth**
 - In the short term, the Group expects to deliver mid single digit organic revenue growth with the ambition of returning to double digit growth over the medium term
 - Primary focus on organic revenue growth, although we continue to review the potential for further acquisitions to expand our addressable market and enhance our current customer proposition
- **Outlook**
 - The business continues to perform in line with management expectations
 - The Board has confidence in the Group's ability to continue to deliver superior total shareholder returns

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THE YEAR ENDED 30 APRIL 2010

24 June 2010



APPENDIX



OPERATING PROFIT TO CASH FLOW CONVERSION

Cash from continuing operations		
	FY10	FY09
	\$m	\$m
Operating profit	60.3	76.3
Exceptionals	38.6	14.9
Share based comp	3.1	2.4
Depreciation & amort	27.9	15.7
PPE disposals	0.2	0.4
Exchange movements	(2.8)	3.4
Change in working cap		
Trade Receivables	(21.8)	2.1
Accruals/Prepayments	2.9	(6.8)
Deferred Revenues	(5.6)	(3.4)
Operating cash flow	102.8	105.0
Cash flow conversion*:	80%	101%
DSO	54 Days	51 Days

Cash from continuing operations		
	FY10	FY09
	\$m	\$m
Operating cash flow	102.8	105.0
Capex (excl R&D)	(7.6)	(2.7)
Capex R&D	(15.5)	(7.7)
Interest paid	(3.2)	0.3
Disposal of PPE	0.0	0.0
Tax	(20.9)	(20.0)
Free cash flow	55.6	74.9
Net R&D Capex Benefit:	7.6	2.2

Cash from continuing operations		
	FY10	FY09
	\$m	\$m
Cash 1 May	71.6	92.4
Free cash flow	55.6	74.9
Acquisitions	(160.6)	(64.6)
FX	0.8	(6.6)
Capital repayment	(62.5)	0.0
Bank loan	163.5	0.0
Dividends	(33.6)	(26.1)
Others	(2.0)	1.6
Cash 30 April	32.8	71.6
Net (debt)/Cash*:	(68.2)	71.6
Net debt to adjusted EBITDA	39%	

*Operating cashflow divided by EBITDA (less stock compensation)