



24 December 2012

Micro Focus International plc
Acquisition of Orbix, Artix and Orbacus software product lines for \$15m

Micro Focus International plc ("Micro Focus", "the Company" or "the Group", LSE: MCRO.L) announces that one of its subsidiaries has reached a definitive agreement with Progress Software Corporation ("Progress") for the acquisition of intellectual property and other assets and the assumption of liabilities associated with Progress's Orbix, Orbacus and Artix software product lines, for a total consideration of \$15m. The consideration will be satisfied in cash at completion using Micro Focus' existing banking facility. Completion of the transaction is subject to certain conditions, primarily relating to transfer of staff and certain contractual consents, and is currently expected to take place on or before 21 January 2013.

These product lines, which were originally acquired by Progress as part of its acquisition of IONA Technologies plc, are complementary to Micro Focus' Visibroker range. The product lines will be maintained, developed and supported by Micro Focus going forward. These product lines are used by approximately 200 enterprise customers which overlap with the Micro Focus customer base and include large multinational organisations in the telecommunications, financial services and government verticals.

Orbix and Visibroker address the issues faced by customers in passing information securely and efficiently between applications and tend to be deployed in large mission critical networks. They are market-leading implementations of the Common Object Request Broker Architecture ("CORBA") standard, which is a multi-protocol, multi-platform integration solution that bridges the gap between different operating systems and languages.

Orbacus is a source available CORBA 2.6 implementation and designed for rapid development, deployment and support and its small footprint allows it to be easily embedded into memory constrained applications.

Artix is an Extensible Enterprise Service Bus ("ESB") for the deployment, management and securement of a Service-Oriented Architecture. The acquisition of Artix provides Micro Focus with an enhanced capability to serve customers in their core systems and enables the deployment of new solutions addressing the challenges posed by the increasing use of Mobile, Virtual and Cloud based applications.

The 20 staff currently working on all three products are expected to be transferred to Micro Focus and it is anticipated that a further 10 staff will be recruited into the business.

As at 31 August 2012, based on information reviewed in due diligence the gross assets being acquired were approximately \$6m. Micro Focus anticipates that due to the timing of maintenance billings and the terms of the agreement reached with Progress, there may be a short-term working

capital outflow in the period from completion to 30 April 2013 which may impact the current year's cash conversion ratio for Micro Focus, but that thereafter the product lines will be strongly cash generative. Progress has not historically published or determined separate profit & loss account information for Orbix, Orbacus and Artix, but based on information reviewed in due diligence revenue for the twelve month period ended 31 August 2012 was approximately \$28m, of which \$8m was licence and \$20m was maintenance. A significant part of these revenues was derived from contracts of a one off nature. The product lines contributed profit before tax of \$9m for the twelve months ended 31 August 2012.

Micro Focus anticipates that the acquisition will contribute a minimum of \$4m of revenue in the period from completion to 30 April 2013. In the year commencing May 2013 Micro Focus expects the acquisition to contribute to the stabilisation of the Visibroker business and to deliver at least \$14m in revenues. Micro Focus expects that in the year commencing May 2013 it will manage the acquisition to deliver Adjusted EBITDA margin at least in line with the Group's latest reported average level of 44.5%.

Through this acquisition of the Orbix, Orbacus and Artix product lines, Micro Focus will consolidate its position as a leading provider of CORBA software. The acquisition is expected to meet Micro Focus' tight financial parameters for acquisitions, and to be earnings enhancing in the current and future financial years.

Enquiries

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About Micro Focus

Micro Focus, a member of the FTSE 250, provides innovative software that helps companies to improve dramatically the business value of their enterprise applications. Micro Focus Enterprise Application Modernization, Testing and Management software enables customers' business

applications to respond rapidly to market changes and embrace modern architectures with reduced cost and risk. For additional information please visit www.microfocus.com