

Wednesday 11 August 2010

Q1 Interim Management Statement

Micro Focus International plc ("Micro Focus" or "the Group", LSE: MCRO.L), the Enterprise Application Modernisation software company, provides an Interim Management Statement for the three month period to 31 July 2010.

Whilst the Group's total revenues for the first quarter of the 2011 financial year grew by 40 percent compared to the same period in the prior year, if the year on year impact of the Borland and Compuware acquisitions made in the first quarter of the 2010 financial year is excluded, the underlying revenue was flat. This overall performance is below management's expectations and caused by the delayed timing of a number of significant transactions beyond the end of the first quarter together with continued weakness in the higher volume low value deals across all three lines of business (COBOL Development, Modernization & Migration and AMQ).

As referenced at the time of the preliminary results, in the fourth quarter of the 2010 financial year and the first quarter of this financial year the Group began a number of initiatives to improve sales performance. Among others, these initiatives include a strengthened telesales channel and an improved professional services proposition to support Modernization & Migration sales. Early indications from such initiatives are positive and these are now being accelerated to drive improvements during the remainder of the 2011 financial year.

To develop strength across the Group and redouble the focus on execution, three senior appointments are announced. Malcolm Collins joins as President of Sales, replacing Marc Andrews who will leave the company at the end of August 2010. Jim Cassidy is named as Chief Marketing Officer and Adrian Saunders joins as Vice President of Professional Services. The board believes that each of these appointments will serve to help Micro Focus deliver on its strategic and financial goals for the current financial year and beyond. Our CFO search has produced good candidates and discussions continue.

As a result of the weaker licence revenue in the period, the Group now expects to deliver low single digit like for like revenue growth in the 2011 financial year instead of mid single digit growth. Whilst revenue growth has been weaker than management's expectations for the period, the full year impact on EBITDA margins of ongoing cost management initiatives, some begun in the 2010 financial year, means that management expects no change to current EBITDA guidance for the full year.

During the period, thanks to continued strong cash generation from continuing operations, the Group made good progress to reduce net debt and reiterates its recent guidance that it expects to be cash positive by the end of the current financial year.

Nigel Clifford, Chief Executive Officer of Micro Focus International plc, commented:

"Despite a disappointing first quarter licence revenue performance, we still expect to meet our previous expectations for full year 2011 adjusted EBITDA and to achieve

double digit revenue growth over the medium term. Whilst the current economic environment continues to impact the business, we continue to see a significant growth opportunity in the Modernization & Migration market going forward and are progressing further operational improvements in the COBOL Development business to drive growth in this area. Our AMQ offering continues to become more compelling and competitive, with recently launched new products delivering technology leadership in this marketplace. The Micro Focus management team has been further strengthened to provide additional talent and experience to improve our sales and marketing capability.”

Micro Focus will host an analyst and investor conference call at 7.30 am BST. Details are as follows:

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Notes to editors:

About Micro Focus

Micro Focus, a member of the FTSE 250, provides innovative software that allows companies to dramatically improve the business value of their enterprise applications. Micro Focus Enterprise Application Modernization 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.

Management Appointments

Malcolm Collins is appointed as President of Sales with immediate effect. Collins brings a track record of building world class sales organisations, driving organic growth whilst markedly improving both customer and partner satisfaction. Prior to joining Micro Focus, Collins served as Senior Vice President of Global Sales and Marketing for NCR Corporation, where he had responsibility for over \$5B of annual revenues of hardware, software and services sales across all industry sectors in over 100 countries. Before his time at NCR, Collins was President of Global Enterprise Networks for Nortel Networks, Inc. where he had end-to-end responsibility for all elements of Nortel’s Enterprise business, including business development, products, marketing and sales.

Jim Cassidy joins as Chief Marketing Officer in September 2010. Cassidy has international marketing experience from leadership roles at IBM, BEA and, most recently, Stepstone where he was Chief Marketing Officer with responsibility for all field and product marketing. At BEA, he led all worldwide field marketing activities in addition to responsibility for the organisation's EMEA Alliances & Channels division. At IBM, Cassidy was based in Australia and Japan with responsibility for marketing the company's software portfolio throughout the Asia Pacific region.

Adrian Saunders is appointed as Vice President of Professional Services and will join Micro Focus in September 2010. Saunders brings more than 25 years experience in technology companies, most recently as Managing Director of COLT Europe's IT Managed Services Division with responsibility for cloud computing and IT services, and managing the company's partner programme. Prior to COLT, Saunders held a number of roles at BT's Global Services division in APAC and EMEA, most recently as Vice President EMEA & AsiaPacific, Professional Services, BT Global Services. Before this, Saunders held leadership roles in the Integrated Technology Services team at BT Global Services, and was General Manager, Sales & Commercial Operations, EMEA for BT Group.