Results for the 12 Months Ended 31 October 2019

Stephen Murdoch
Brian McArthur-Muscroft
4 February, 2020
Micro Focus International

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Agenda:

- Introduction
- Chief Executive Officer (CEO) Update
- Chief Financial Officer (CFO) Update
- Strategic & Operational Review Update
- Outlook and Guidance
CEO Update

Stephen Murdoch
Year in review

- **Financial Summary**
  - Revenue in line with revised guidance at $3,348.4m, down 7.3% on constant currency basis compared to the prior year*.
  - Improvement in Adjusted EBITDA margin from 38.7% to 40.7% on a constant currency basis; Adjusted EBITDA decreased by 2.6% to $1,362.5m compared to the prior year*.
  - $2.3bn returned to shareholders (which equates to $5.37 per share).
  - Final dividend of 58.33c proposed today, giving total dividend of 116.66 cents for the twelve month period.

- **Delivering Innovation for customers**
  - 500+ Product releases delivering key innovation such as Robotic Process Automation (RPA), Artificial Intelligence, Behavioural Analytics, Hybrid Cloud management and Container deployment capabilities

- **Solid progress has been made on our key integration & operational improvement initiatives**

- **Strategic & Operational Review announced in August 2019**
  - Business performance below expectations & integration of HPE Software proving more challenging and taking longer
  - Comprehensive in scope covering both assessment of full range of strategic options for value creation and critical assessment of current integration programme and overall execution
  - Review is substantially complete with findings and next steps covered later in this presentation.

*Continuing operations
Solid progress in execution of our key integration & operational simplification programs coupled with significant portfolio actions within the period

1. Connecting teams
   - Making it easier for us to connect with customers, partners and across the organisation

2. Simplifying core operations
   - Making it easier for us to do business and for people to do business with us

3. Increasing agility
   - Making it easier to execute and move faster

### Systems
- **IT infrastructure migration**
  - 10,000 PCs / 25,000 mail boxes
  - 2750 servers / 139 applications

### Business Systems
- **Single Platform & Common Processes**

### Simplifying our Business
- **Structure**
  - Finance & HR Transformation
  - (60 reduced to 5 key locations)
  - 20% reduction in Real Estate
  - Single HR Platform

- **Processes**
  - Legal Entity Simplification
  - Standardisation of Policies

### Portfolio Actions
- **SUSE Divestiture**
  - 310 Apps, 17 Workstreams
  - 1600 People, 33 Legal Entities

- **Interset Acquisition**
  - User & Entity Behavioural Analytics capability being leveraged across the portfolio
The fundamentals underpinning our model and approach remain valid

We significantly underestimated the challenges that have emerged in the integration of the HPE Software business

The key issues in relation to this integration and overall execution are understood in detail, progress has been made on these and there is clear visibility of what remains to be done

The pace of change within the Enterprise software market has accelerated and we now need to evolve our business model to capture the opportunities

The Board has concluded that, at this time, the greatest opportunity for value creation is through the successful execution of the internal plan built on four key actions targeted to deliver by 2023 a business with:

• Stable revenues
• EBITDA margins in the mid-40s
• Generating more than $700M of sustainable free cash flow
• Built on a platform to enable accretive portfolio actions to be taken
Strategic & Operational Review: High Level Plan

To drive the value creation potential we see in the business we need to:

1. **COMPLETE:** the Core Systems & Operational Simplification work
   - **OBJECTIVE:** Deliver the platform for significantly improved execution and foundation for margin expansion

2. **TRANSFORM:** our Go-to-Market organisation and approach
   - **OBJECTIVE:** Drive material increase in sales productivity to capture under-exploited opportunity to cross-sell and improve renewal rates

3. **EVOLVE:** our Business Model to establish stronger positions in growth areas
   - **OBJECTIVE:** Drive growth in our Security and Big Data solutions

4. **ACCELERATE:** a targeted transition to Subscription & SaaS
   - **OBJECTIVE:** Build Subscription & SaaS revenues to capture relevant growth opportunities & improve mix of recurring revenues
CFO Update

Brian McArthur-Muscroft
Revenue declined 7.3% period-on-period on a CCY basis for the twelve months to 31 October 2019.

Licence revenue decline of 7.2% in FY19 is less than the FY18 decline of 12.8%

Decline in maintenance revenue was impacted by one off events including the disposal of Atalla and selling to the US Government via a strategic partner rather than direct. Restating for these two items maintenance revenue decline would have been 4.7% (FY19 actual: 6.2%). See appendix 2 for further detail.

SaaS and other recurring and Consulting revenue accounts for 2.6ppts of the overall decline.

Adjusted EBITDA margin increase of 2.0 ppt to 40.7% in the twelve months ended 31 October 2019.

Diluted adjusted Earnings per share from continuing operations of 195.89 cents - an increase of 4.5% primarily driven by a lower share count.

<table>
<thead>
<tr>
<th></th>
<th>FY19 Reported</th>
<th>FY18 CCY</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licence</td>
<td>800.0</td>
<td>862.4</td>
<td>(7.2%)</td>
</tr>
<tr>
<td>Maintenance</td>
<td>2,057.6</td>
<td>2,193.7</td>
<td>(6.2%)</td>
</tr>
<tr>
<td>SaaS and other recurring</td>
<td>279.7</td>
<td>314.8</td>
<td>(11.1%)</td>
</tr>
<tr>
<td>Consulting</td>
<td>217.9</td>
<td>277.7</td>
<td>(21.5%)</td>
</tr>
<tr>
<td><strong>Constant currency revenue (before haircut)</strong></td>
<td><strong>3,355.2</strong></td>
<td><strong>3,648.6</strong></td>
<td>(8.0%)</td>
</tr>
<tr>
<td>Deferred revenue haircut</td>
<td>(6.8)</td>
<td>(34.7)</td>
<td>(80.4%)</td>
</tr>
<tr>
<td><strong>Constant currency revenue</strong></td>
<td><strong>3,348.4</strong></td>
<td><strong>3,613.9</strong></td>
<td>(7.3%)</td>
</tr>
<tr>
<td>Total constant currency costs</td>
<td>(1,985.9)</td>
<td>(2,214.4)</td>
<td>(10.3%)</td>
</tr>
<tr>
<td><strong>Constant currency adjusted EBITDA</strong></td>
<td><strong>1,362.5</strong></td>
<td><strong>1,399.5</strong></td>
<td>(2.6%)</td>
</tr>
<tr>
<td><strong>Constant currency adjusted EBITDA margin %</strong></td>
<td><strong>40.7%</strong></td>
<td><strong>38.7%</strong></td>
<td><strong>2.0 ppt</strong></td>
</tr>
</tbody>
</table>

Per share data presented at Actual rates
Diluted adjusted EPS (cents)* | 195.89 | 187.51 | 4.5%
Dividend per share (cents)    | 116.66 | 100.84 | 15.7%

* Diluted adjusted EPS from continuing operations
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Financial performance (2 of 2)

- HPE Software related actual exceptional charge of $294.3m. Total HPE software exceptional forecast spend still on target at $960M assuming delivery of systems project to current schedule.

- In the twelve months to 31 October 2019 adjusted cash conversion of 95.3% and free cash flow of $576.2m. Long term adjusted cash conversion target range remains 95-100%.

- Underlying free cash flow of c. $700-800m due to tailwind of the end of exceptional costs partially offset by tax increases.

- Net debt of $4,338.5m and period end gearing of 3.2x Adjusted EBITDA. Further gearing analysis presented later in this section.

<table>
<thead>
<tr>
<th>FY19 Reported</th>
<th>FY18 Reported</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceptional spend (at actual rates)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>System related spend ($m)</td>
<td>126.3</td>
<td>114.4</td>
</tr>
<tr>
<td>Other integration costs ($m)</td>
<td>168.0</td>
<td>293.5</td>
</tr>
<tr>
<td>Total HPE Software related exceptional spend</td>
<td>294.3</td>
<td>407.9</td>
</tr>
<tr>
<td>Other ($m) *</td>
<td>(0.1)</td>
<td>31.8</td>
</tr>
<tr>
<td>Total (reported in operating profit)</td>
<td>294.2</td>
<td>439.7</td>
</tr>
<tr>
<td>Adjusted cash conversion **</td>
<td>95.3%</td>
<td>105.7%</td>
</tr>
<tr>
<td>Free cash flow ($m) **</td>
<td>576.2</td>
<td>755.6</td>
</tr>
<tr>
<td>Net debt ($m)</td>
<td>4,338.5</td>
<td>4,253.5</td>
</tr>
<tr>
<td>Net debt to Adjusted EBITDA ratio ***</td>
<td>3.2x</td>
<td>2.8x</td>
</tr>
</tbody>
</table>

* Other is net of costs and revenue.

** Cash flow includes results for SUSE for entire period in FY18 but for only 4 months in FY19.

*** Adjusted EBITDA for FY19 is for continuing operations only, the comparatives include the discontinued operation.
We continued to be a highly cash generative business in FY19.

Improvement in collection of overdue trade receivables, which de-risked the balance sheet, offset by timing differences of exceptional cash costs and deferred revenue.

Increase in tax payments of $88.4m in FY19 as we continue to utilise tax attributes acquired with HPE Software.

Low capex since all R&D expensed through EBIDTA.

Underlying interest cover is c. 4.5-5.0x before dividend and after capex.

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*Cash generation for twelve months ended 31 October 2019*

- Cash generated from operations before working capital: 1,177.5 (FY19) vs 1,191.2 (FY18)
- Movement in working capital: (121.2) (FY19) vs (39.6) (FY18)
- Cash generated from operations: 1,056.3 (FY19) vs 1,151.6 (FY18)
- Interest payments: (227.1) (FY19) vs (219.5) (FY18)
- Bank loan costs: 0.0 (FY19) vs (10.8) (FY18)
- Tax payments: (167.4) (FY19) vs (79.0) (FY18)
- Purchase of intangible assets: (29.3) (FY19) vs (56.5) (FY18)
- Purchase of property, plant and equipment: (56.3) (FY19) vs (30.2) (FY18)
- Free cash flow: 576.2 (FY19) vs 755.6 (FY18)
- Adjusted cash conversion %: 95.3% (FY19) vs 105.7% (FY18)

*Cash flow and Adjusted EBITDA includes results for SUSE for entire period in FY18 but for only 4 months in FY19.*
Medium term leverage target of 2.7x remains.
Actions resulting from Strategic and Operational Review will mean leverage increasing in the short term before decreasing towards our medium-term target.
Net debt is forecast to reduce by the end of FY21.
Repayment totalling $200m in the period following SUSE disposal.
No term loan amortisation payments until late FY21*.
$500m RCF remains undrawn and is not due until 2022.
Cash on balance sheet was $355.7m as at 31 October 2019.

*FY21 as the $200m was treated as a prepayment of amortisation and first term loan not due for repayment until FY22.
Strategic & Operational Review

Stephen Murdoch
To drive the value creation potential we see in the business we need to:

1. COMPLETE: the Core Systems & Operational Simplification work
   
   **OBJECTIVE:** Deliver the platform for significantly improved execution and foundation for margin expansion

2. TRANSFORM: our Go-to-Market Organisation and Approach
   
   **OBJECTIVE:** Drive material increase in sales productivity to capture under-exploited opportunity to cross-sell and improve renewal rates

3. EVOLVE: our Business Model to establish stronger positions in growth areas
   
   **OBJECTIVE:** Drive growth in our Security and Big Data solutions

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   **OBJECTIVE:** Build Subscription & SaaS revenues to capture relevant growth opportunities & improve mix of recurring revenues
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   **OBJECTIVE:** Drive material increase in sales productivity to capture under-exploited opportunity to cross-sell and improve renewal rates

We need to complete the execution programmes in flight to deliver the foundation for:

- Significantly improved execution levels through better tooling and simpler processes
- Cost and operational efficiencies through organisational efficiencies & removal of duplication

In our Go-to-Market we will leverage these improvements but in parallel execute a very structured transformation plan to:

- Improved productivity overall & selling time specifically
- Improved cross-selling & upselling within portfolio & customer base
- Improved renewal rates – differentiated approach in top customers
TRANSFORM – Go-to-Market

GLOBAL STRATEGY & PLAN
Single Global Strategic Plan & Execution Model
- Consistent global operating plan built on a single sales methodology & common tools
- To deliver: reduced complexity, removal of duplication & more predictable performance

INSTALLED BASE SALES MODEL
Systematic Path to Revenue Improvement
- Better alignment of the company to support our installed base of over 40,000 customers
- To deliver: improved renewal rates and cross sell opportunities within our broad portfolio

OPPORTUNITY-BASED COVERAGE
Tiered Resource Model
- Systematic & targeted deployment of resources
- To deliver: resource assignment that is better optimized to our target opportunity

Selling time is ~30% below benchmark; capturing this & converting 50% of it into sales would be equivalent to adding 100-150 sales people.
We have clear value propositions & proven capabilities to help customers address the opportunities & challenges they face in both running & transforming their businesses.

**Key Market Trends**

**Increased cloud adoption & move to hybrid**
We deliver capabilities to enable customers to exploit a mix of on-premise & cloud deployment options to ensure that they can manage the balance of cost, risk and availability.

**Proliferation of things, apps and data**
We deliver a full suite of solutions focused on protecting identities (things and people), applications (new & existing) and data (structured & unstructured) and capabilities to derive insights from the explosion of data.

**Growth of Agile & DevOps**
We enable faster deployment cycles through increased collaboration and adoption of development, testing and security tools that can support this new ecosystem.

**Micro Focus Enables:**

- **Speed**
  - Enterprise DevOps

- **Agility**
  - Hybrid IT Management

- **Security**
  - Security, Risk & Governance

- **Insights**
  - Predictive Analytics

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Ensuring Sky can meet growing demands by providing a flexible and scalable performance testing platform.

Delivering production ready, public and private cloud infrastructure and IT services for new build, state of the art new airport.

Micro Focus enables government agencies to protect, govern, and facilitate access to electronic records.

Micro Focus powers a digital agriculture platform to help drive sustainable and innovative farming.

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Strategic & Operational Review: High Level Plan

To drive the value creation potential we see in the business we need to:

ACCELERATE: a targeted transition to Subscription & SaaS

OBJECTIVE: Build Subscription & SaaS revenues to capture relevant growth opportunities & improve mix of recurring revenues

EVOLVE: our Business Model to establish stronger positions in growth areas

OBJECTIVE: Drive growth in our Security and Big Data solutions

1. The Enterprise software market is growing & the pace of change is accelerating
2. Micro Focus has existing strengths, emerging capabilities & strong customer bases from which to be able to participate more fully in targeted areas of this market growth
3. The review identified the key areas having a disproportionate impact on performance & that our overall approach in Security & Big Data needs to change more fundamentally.
4. Corrective action plans with associated investment & organisational changes have been established focused on:
   i. Accelerating the delivery of new & required capabilities in our I.T Operations Management & Application Delivery Management portfolios
   ii. Expanding & accelerating our SaaS and Subscription roadmaps & plans
   iii. Managing & operating our Security & Big Data (Vertica) portfolios much more autonomously following a modified version of our SUSE playbook
5. Our core propositions and approach continues to resonate with customers and address key market trends they need help with.
Security market is growing & through specific focus Micro Focus can participate in that growth

Large & Growing Market Opportunity

Micro Focus has Broad Domain Coverage

Already Trusted by Customers

Micro Focus offers a unique portfolio of offerings covering a number of core use cases that span cybersecurity and data privacy. Micro Focus has the opportunity to be both best-of-breed and to solve more complex use cases that focus on the intersection of security and privacy domains.

For example: Detecting advanced threats by combining Security Operations and Identity and Access Management
Vertica offers a differentiated platform that fills a market void combining operational reporting, machine learning, and robust predictive analytics at massive scale across the spectrum of on-premise, cloud, and embedded use cases.

Vertica’s Market Opportunity is driven by three new and current market demands:

1. **Massive data growth**
   - Hadoop decline & cloud storage growth leaves exabytes of data that cannot be unified, analyzed and monetized without an engine like Vertica.

2. **Cloud economics and more**
   - Leverages the performance, flexibility and scale of cloud-public, private yet equally supports on-premise, hybrid and embedded.

3. **Machine Learning and Automation**
   - Vertica moves ML and Data Science lab projects to fully operational in production at scale.

Customers use Vertica at scale today to power new business models & enable unique approaches:

- **intuit turbotax**
  - Vertica personalizes 50 million online tax filing experiences at the peak of tax season.

- **Uber**
  - Mapping drivers and riders for more than 14 million daily rides, powering surge pricing globally.

- **Cerner**
  - Vertica analyzes 10 billion embedded RTMS timers per month in milliseconds.

- **theTradeDesk**
  - Vertica’s exabyte scale analytics enable 10 million ad auctions every second.

- **criteo**
  - Vertica’s exabyte scale analytics are key to 50 billion personalized ad placements daily, spanning 30 countries.

Customers use Vertica at scale today to power new business models & enable unique approaches.
We are investing $70-$80m in key areas of our portfolio in which we see specific opportunity for revenue growth or accelerated moderation of revenue decline.

<table>
<thead>
<tr>
<th>The investments we are making</th>
<th>Split across:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Security portfolio</strong></td>
<td>Research and development $45-50m</td>
</tr>
<tr>
<td>- Acceleration of SaaS roadmap in Identity Access Management</td>
<td></td>
</tr>
<tr>
<td>- Additional language capability within Fortify</td>
<td>Go-to-Market c. $25-30m</td>
</tr>
<tr>
<td>- Specialist sales &amp; product marketing resources</td>
<td></td>
</tr>
<tr>
<td><strong>Vertica (Big Data)</strong></td>
<td></td>
</tr>
<tr>
<td>- Acceleration of SaaS &amp; Subscription roadmaps</td>
<td></td>
</tr>
<tr>
<td>- Investments in core R&amp;D to accelerate product roadmap delivery</td>
<td></td>
</tr>
<tr>
<td>- Dedicated Customer Success team</td>
<td></td>
</tr>
<tr>
<td><strong>Increased investment to expand our Enterprise DevOps capabilities &amp; accelerated delivery of improvements in targeted areas within our I.T Operations Management portfolio</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total Investment</strong></td>
<td></td>
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</table>

FY20 Guidance and Summary

Stephen Murdoch
FY20 Outlook

- Based on the conclusions of the Strategic & Operational Review, we expect revenues for the 12 months ending 31 October 2020 to be in the range of minus 6% to minus 8% at constant currency when compared to the 12 months ended 31 October 2019.

- Within this, we expect total revenues in the first half of FY20 to be broadly consistent with the trajectory achieved in the second half of FY19, with improvement in the second half of FY20 and progressive improvement thereafter.

- The investments we are announcing today are not expected to deliver revenue benefit in the current financial year with revenue returns expected to begin in FY21 and will therefore impact our Adjusted EBITDA margins in FY20 and FY21.

- By the end of FY21, we expect to be showing a demonstrable improvement in our growth prospects and revenue quality, which in turn should flow through into higher returns thereafter. This should also coincide with the delivery of the systems platform enabling cost and operational efficiencies to further contribute to margin expansion, in line with our longer term objectives.

- Mid term leverage target remains 2.7x but investment will result in leverage increasing in the short term.

- We expect to reduce net debt in absolute terms through FY20 (excluding the impact of IFRS16) with our strong underlying cash flows from operations continuing to comfortably fund our remaining integration related exceptional costs and the additional investments.
Micro Focus Equity Story

The Strategic & Operational initiatives being executed are directly linked to driving achievement of these objectives:

- Completion of the existing operational & integration work, especially systems, to deliver platform for significantly improved execution and lower costs
- Transformation of our Go-to-Market organization to deliver improved productivity to be deployed against growth opportunities or to further improve margins
- Execution of differentiated approach to Security & Big Data to capture available growth
- Delivery of of the foundations for accretive portfolio actions to be executed

In support of this, our execution plan aims to deliver by 2023 a business with:

- Stable Revenues
- EBITDA margins in the mid-40s
- Generating more than $700M of free cash flow
- Built on a platform to enable further accretive portfolio actions

The Strategic & Operational initiatives being executed are directly linked to driving achievement of these objectives:

- Long term sustainable Adjusted EBITDA growth
- Strong and consistent cash flow to provide scope for continued shareholder returns
- Efficient allocation of capital
- Value accretion through corporate development activities
Appendix 1 – Strategic Initiatives
Assessment of key issues and progress to date

The key issues that have emerged relating to overall execution and the complexities of the integration of the HPE Software acquisition are understood in detail, progress has been made and there is clear visibility of what remains to be done.

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>Progress</th>
</tr>
</thead>
</table>
| Operational Systems and Business processes | - A fully standalone IT hardware infrastructure was delivered on time and budget.  
- Organisational consolidation in each of the Finance and HR functions has advanced and will consolidate operations from more than 60 locations into 5 global  
- Legal entity rationalisation progressing well with aim of reducing Group structure materially. |
| Go-to-market organisation | - Stabilisation of staff attrition.  
- On-boarding new people has been improved  
- Investments made in better enablement and training. |
| Product Portfolio Mix Re-alignment | - The operating model has been re-structured to drive collaboration and the leverage of innovation.  
- Core product roadmaps have been re-shaped in every portfolio with the major remedial, corrective actions in product design now complete. |
| Revenue Composition & Alignment to Strategy | - Professional services revenue has been broadly stable for the last 3 quarters and is on track to be stable on a year-over-year basis by the end of FY20.  
- The remedial product roadmap work for the impacted SaaS offerings is complete and the remaining activities will be completed within the next 6 months. |

- To enable this “carve out” of their software division HPE designed and built new IT systems, new business processes and a standalone organisation.  
- In reality the systems were not fit for purpose.  
- A mix of regional and product orientated go-to-market models.  
- Inconsistent approaches to customer engagement and the associated deployment of resources.  
- Further impacted by system issues.  
- The operating model for product development drove “siloed” approaches  
- Product roadmaps did not fully exploit the advantages of significant customer installed bases and strong market positions  
- Professional services revenue has needed to be realigned to support the Micro Focus product strategy.
The Micro Focus Business Model

Our business model continues to be relevant and is the foundation of our strategy to achieve value creation.

**NEW MODELS**
Products (e.g. Robotic Process Automation) or consumption models (e.g. cloud) that open new opportunities could become growth drivers or represent emerging use cases that we need to be able to embrace.

**GROWTH DRIVERS**
Products or enabling technology (e.g. Artificial Intelligence/Machine Learning) with consistent growth performance and market opportunity to build the future revenue foundations of the Group.

**OPTIMIZE**
Products with declining revenue performance driven by the market or execution. Investments directed to correct trajectory to move back to the core category or focused to optimise long-term returns.

**CORE**
Products that have maintained broadly flat revenue performance but represent the current foundations of the Group and must be protected and extended.

**FOUR BOX MODEL**
- “Fund of funds” approach to product portfolio
- Investment and focus driven by four box model
- High levels of profitability, strong cash flow, Growth where achievable
- Delivered through efficient and focused investment across portfolio

**LONG TERM**
- AEBITDA Growth

**EFFICIENT USE OF CAPITAL**

**CREATION OF SHAREHOLDER VALUE THROUGH CORPORATE DEVELOPMENT**
Appendix 2 – Financial analysis
The prior year comparatives have been restated to reflect the reorganisation of the LATAM operations from North America (previously named the “Americas”) to International (previously named “EMEA”). This restatement ensures consistent revenue trend reporting.

### Revenue by product portfolio and region

<table>
<thead>
<tr>
<th>Region</th>
<th>Licence</th>
<th>Maintenance</th>
<th>SaaS and other recurring</th>
<th>Consulting</th>
<th>Total</th>
<th>FY19</th>
<th>CCY % change to FY18 (restated*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC</td>
<td>170.9</td>
<td>326.1</td>
<td>11.7</td>
<td>508.7</td>
<td></td>
<td></td>
<td>(5.1%) (0.6%) (0.0%) (1.4%) (2.2%)</td>
</tr>
<tr>
<td>ADM</td>
<td>130.3</td>
<td>485.4</td>
<td>18.2</td>
<td>721.7</td>
<td></td>
<td></td>
<td>(4.2%) (3.3%) (8.1%) (41.9%) (5.6%)</td>
</tr>
<tr>
<td>ITOM</td>
<td>237.5</td>
<td>645.8</td>
<td>127.5</td>
<td>1,021.8</td>
<td></td>
<td></td>
<td>(3.9%) (11.1%) (22.0%) (14.6%) (10.1%)</td>
</tr>
<tr>
<td>Security</td>
<td>185.7</td>
<td>416.7</td>
<td>43.9</td>
<td>681.3</td>
<td></td>
<td></td>
<td>(13.1%) (5.4%) (0.8%) (29.0%) (9.3%)</td>
</tr>
<tr>
<td>IM&amp;G</td>
<td>75.6</td>
<td>183.6</td>
<td>16.6</td>
<td>421.7</td>
<td></td>
<td></td>
<td>(11.7%) (6.8%) (14.1%) (29.2%) (11.4%)</td>
</tr>
<tr>
<td>Revenue before haircut</td>
<td>800.0</td>
<td>2,057.6</td>
<td>279.7</td>
<td>3,355.2</td>
<td></td>
<td></td>
<td>(7.2%) (6.2%) (11.1%) (21.5%) (8.0%)</td>
</tr>
<tr>
<td>Haircut</td>
<td>0.0</td>
<td>(6.0)</td>
<td>(0.8)</td>
<td>0.0</td>
<td>(6.8)</td>
<td></td>
<td>n/a (78.6%) (84.6%) (100.0%) (80.4%)</td>
</tr>
<tr>
<td>Revenue</td>
<td>800.0</td>
<td>2,051.6</td>
<td>278.9</td>
<td>3,348.4</td>
<td></td>
<td></td>
<td>(7.2%) (5.3%) (9.9%) (21.1%) (7.3%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Licence</th>
<th>Maintenance</th>
<th>SaaS and other recurring</th>
<th>Consulting</th>
<th>Total</th>
<th>FY19</th>
<th>CCY % change to FY18 (restated*)</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>385.8</td>
<td>1,074.0</td>
<td>206.1</td>
<td>1,743.1</td>
<td></td>
<td></td>
<td>0.6% (9.4%) (11.7%) (32.1%) (9.0%)</td>
</tr>
<tr>
<td>International</td>
<td>295.0</td>
<td>766.0</td>
<td>59.9</td>
<td>1,233.2</td>
<td></td>
<td></td>
<td>(18.4%) (3.2%) (7.3%) (12.6%) (8.4%)</td>
</tr>
<tr>
<td>Asia Pac &amp; Japan</td>
<td>119.2</td>
<td>217.6</td>
<td>13.8</td>
<td>378.9</td>
<td></td>
<td></td>
<td>1.3% 0.2% (18.3%) (20.2%) (2.1%)</td>
</tr>
<tr>
<td>Revenue before haircut</td>
<td>800.0</td>
<td>2,057.6</td>
<td>279.7</td>
<td>3,355.2</td>
<td></td>
<td></td>
<td>(7.2%) (6.2%) (11.1%) (21.5%) (8.0%)</td>
</tr>
<tr>
<td>Haircut</td>
<td>0.0</td>
<td>(6.0)</td>
<td>(0.8)</td>
<td>0.0</td>
<td>(6.8)</td>
<td></td>
<td>n/a (78.6%) (84.6%) (100.0%) (80.4%)</td>
</tr>
<tr>
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<td>800.0</td>
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<td></td>
<td></td>
<td>(7.2%) (5.3%) (9.9%) (21.1%) (7.3%)</td>
</tr>
</tbody>
</table>

* The prior year comparatives have been restated to reflect the reorganisation of the LATAM operations from North America (previously named the “Americas”) to International (previously named “EMEA”). This restatement ensures consistent revenue trend reporting.
## Micro Focus International

**Underlying maintenance decline calculation (CCY)**

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported maintenance revenue</td>
<td>2,057.6</td>
</tr>
<tr>
<td>CCY change %</td>
<td>(6.2%)</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Adjustments:</strong></td>
<td></td>
</tr>
<tr>
<td>Atalla</td>
<td>0.6%</td>
</tr>
<tr>
<td>US Government</td>
<td>0.9%</td>
</tr>
<tr>
<td></td>
<td><strong>1.5%</strong></td>
</tr>
<tr>
<td>Adjusted maintenance revenue decline</td>
<td>(4.7%)</td>
</tr>
</tbody>
</table>
Micro Focus International

Currency impact

The weighting of revenue and costs across key currencies are shown below

<table>
<thead>
<tr>
<th>Currency</th>
<th>12 Months to 31 October 2019</th>
<th>12 Months to 31 October 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenue</td>
<td>Cost</td>
</tr>
<tr>
<td>USD</td>
<td>60.9%</td>
<td>48.8%</td>
</tr>
<tr>
<td>EUR</td>
<td>19.0%</td>
<td>13.5%</td>
</tr>
<tr>
<td>GBP</td>
<td>5.2%</td>
<td>10.4%</td>
</tr>
<tr>
<td>CAD</td>
<td>3.0%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Average exchange rate movements for the above currencies in the 12 months to October 19 vs the 12 months to October 18 show the following:

- EUR:USD. USD is stronger by 5.4%
- GBP:USD. USD is stronger by 5.3%
- CAD:USD. USD is stronger by 3.2%