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## UK Software Sector

### Quoted Company Analysis

**February 2010**

# UK Software Sector Valuation Metrics

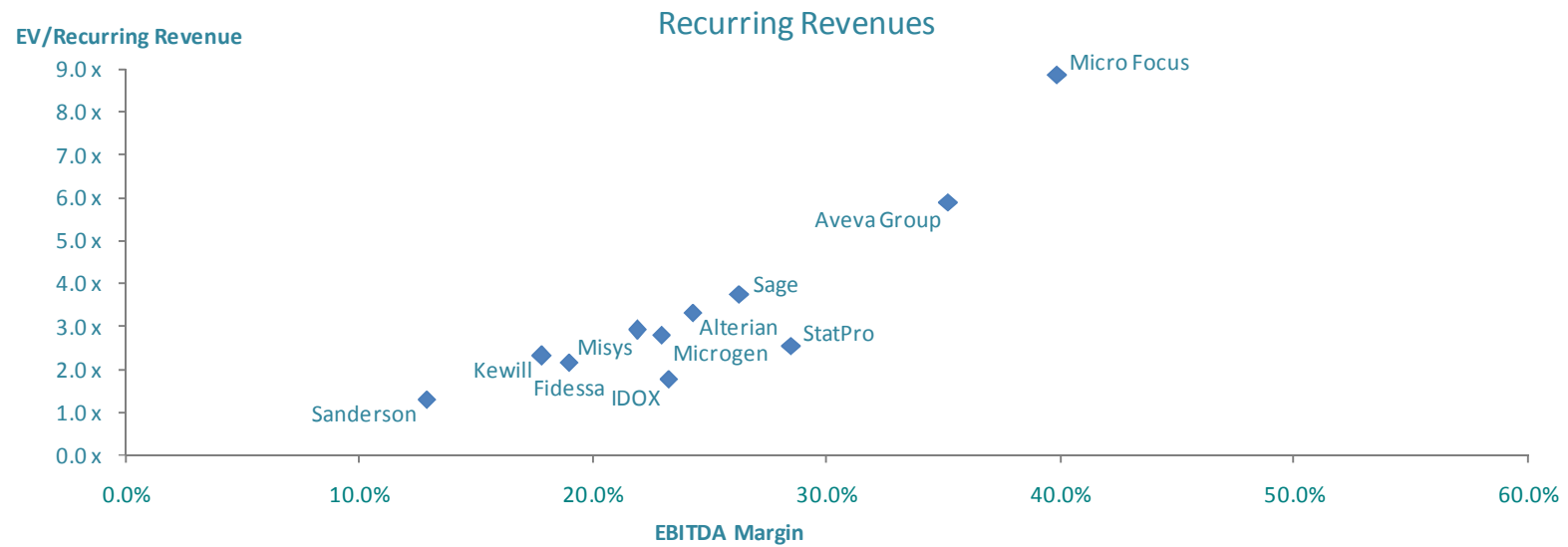
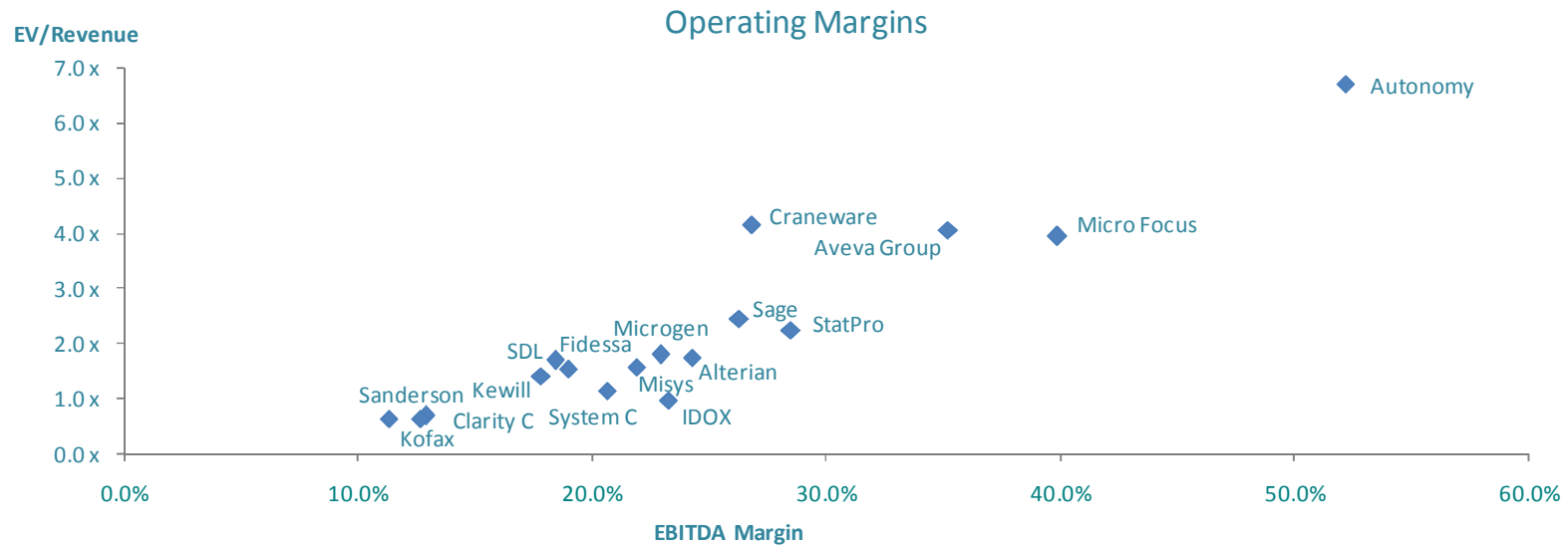
Company	Share Price (£)	Market Cap <sup>(1)</sup>	Net Debt <sup>(2)</sup>	Enterprise Value (£m)	Revenue	EV/Revenue		EV/Revs	EV/EBITDA		Revenue Growth		EBITDA Margin	
	28-Jan-10				CY10E (£m)	CY2009	CY2010	Recurring <sup>(3)</sup>	CY2009	CY2010	FY09/10	FY10/11	CY2009	CY2010
<b>Selected UK Software Large</b>														
Sage	2.35	3,095	392	3,487	1,434	2.4 x	2.4 x	3.7 x	10.5 x	9.3 x	-1.3%	3.7%	23.2%	26.3%
Autonomy	15.30	3,718	(50)	3,668	552	8.0 x	6.7 x	26.6 x	16.1 x	12.8 x	20.0%	11.9%	49.6%	52.1%
Misys	2.18	1,164	120	1,284	818	1.7 x	1.6 x	2.9 x	8.6 x	7.2 x	12.9%	8.2%	20.1%	21.9%
<b>Average</b>						<b>4.0 x</b>	<b>3.6 x</b>		<b>11.7 x</b>	<b>9.7 x</b>	<b>10.5%</b>	<b>7.9%</b>	<b>31.0%</b>	<b>33.4%</b>
<b>Selected UK Software Mid</b>														
Playtech	5.14	1,228	(67)	1,161	111	11.7 x	10.4 x	n/a	15.5 x	13.4 x	12.3%	14.1%	75.4%	78.1%
Aveva Group	10.90	742	(135)	607	149	4.1 x	4.1 x	5.9 x	11.5 x	11.6 x	-12.2%	4.2%	35.4%	35.2%
Micro Focus	5.11	1,058	65	1,122	286	4.8 x	3.9 x	8.9 x	12.0 x	9.9 x	54.9%	12.0%	40.0%	39.9%
<b>Average</b>						<b>6.9 x</b>	<b>6.2 x</b>		<b>13.0 x</b>	<b>11.6 x</b>	<b>18.3%</b>	<b>10.1%</b>	<b>50.3%</b>	<b>51.1%</b>
<b>Selected UK Software Small</b>														
Fidessa	12.42	443	(35)	408	264	1.7 x	1.5 x	2.2 x	9.5 x	8.2 x	12.8%	12.9%	18.4%	18.9%
SDL	4.60	359	(45)	314	185	1.8 x	1.7 x	n/a	10.1 x	9.2 x	8.2%	8.1%	18.1%	18.4%
Kofax	1.75	145	(12)	133	210	0.7 x	0.6 x	n/a	6.9 x	5.6 x	10.2%	4.9%	9.9%	11.3%
Microgen	0.89	77	(19)	58	32	1.8 x	1.8 x	2.8 x	8.3 x	7.8 x	3.2%	11.5%	22.4%	22.9%
Craneware	3.75	99	(19)	80	19	5.1 x	4.2 x	n/a	19.8 x	15.5 x	21.7%	21.4%	25.5%	26.8%
Alterian	1.42	82	(7)	75	42	2.0 x	1.8 x	3.4 x	9.1 x	7.3 x	15.3%	12.2%	22.0%	24.3%
Kewill	1.04	95	(13)	82	57	1.5 x	1.4 x	2.3 x	9.2 x	8.0 x	4.1%	4.5%	16.2%	17.8%
IDOX	0.11	37	(3)	34	35	1.0 x	1.0 x	1.8 x	4.8 x	4.2 x	9.4%	2.9%	22.1%	23.2%
System C Healthcare	0.51	58	(16)	42	37	1.3 x	1.1 x	n/a	6.7 x	5.5 x	29.6%	8.6%	19.7%	20.6%
StatPro	1.07	64	9	73	33	2.4 x	2.2 x	2.5 x	8.7 x	7.9 x	4.8%	5.8%	27.1%	28.5%
Sanderson Group	0.18	8	10	18	26	0.7 x	0.7 x	1.3 x	5.8 x	5.3 x	2.8%	5.4%	12.1%	12.9%
Clarity Commerce	0.31	12	1	13	19	0.7 x	0.6 x	n/a	6.8 x	5.1 x	2.8%	8.8%	10.2%	12.6%
<b>Average</b>						<b>1.7 x</b>	<b>1.6 x</b>		<b>8.8 x</b>	<b>7.5 x</b>	<b>10.4%</b>	<b>8.9%</b>	<b>18.6%</b>	<b>19.8%</b>

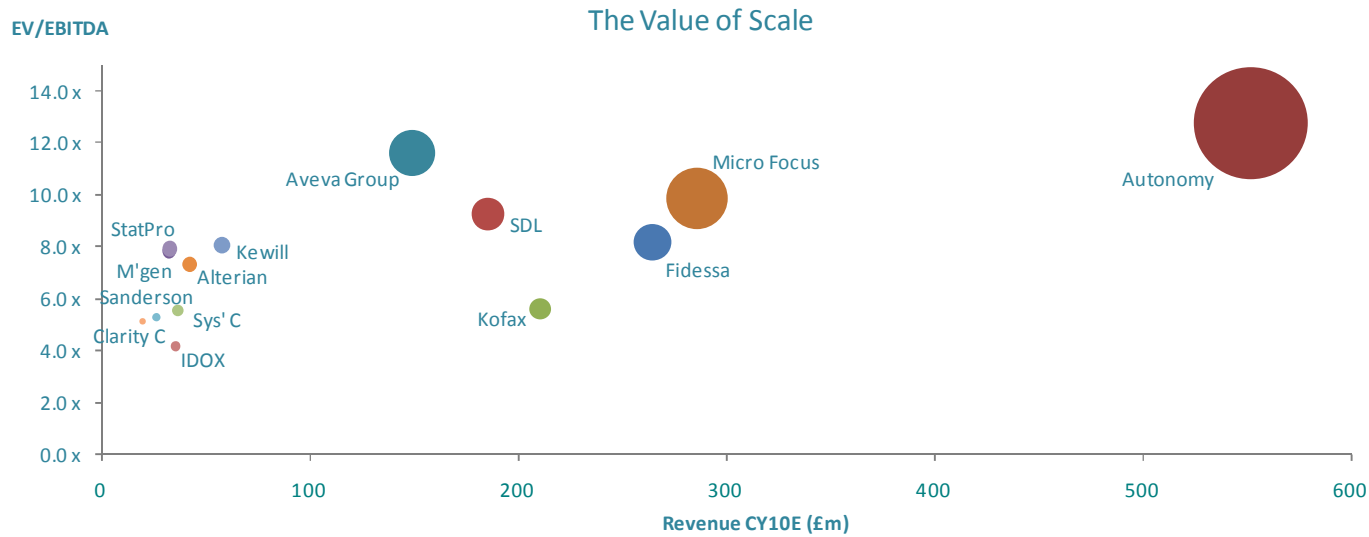
(1) Fully diluted basis - treasury method

(2) Net financial debt plus pension liabilities plus minority interests

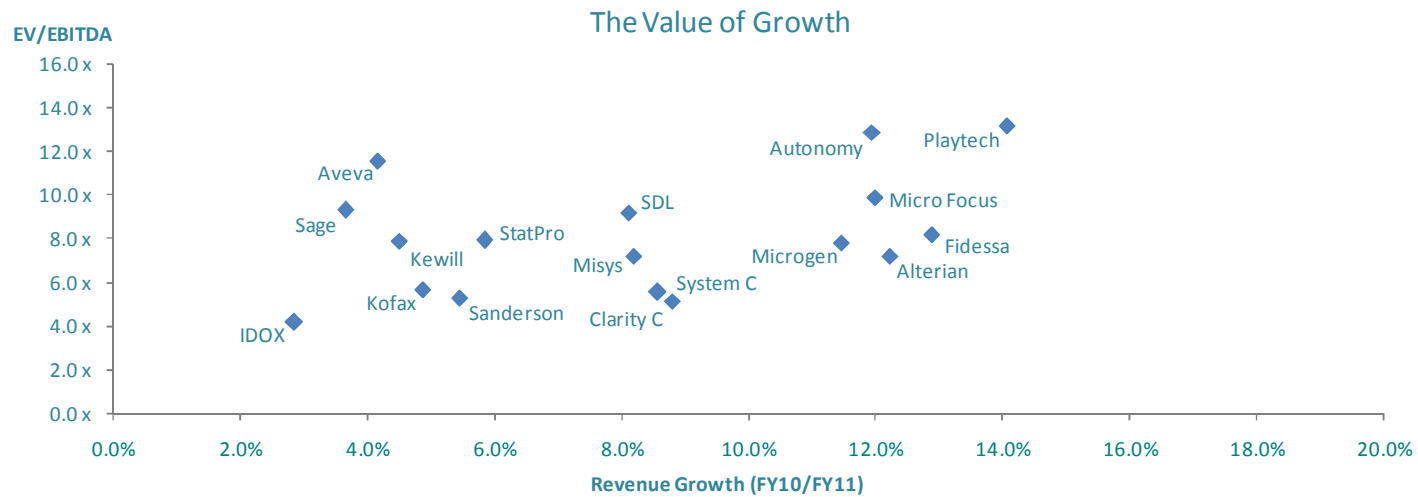
(3) LTM estimated recurring revenues (maintenance, SaaS etc)

# UK Software Sector Operating Efficiency





Note: Bubble size depicts Enterprise Value



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