

Press Release

Copenhagen, 4 November 2009

Maconomy boosts profit and wins several new clients

The Danish ERP software provider Maconomy secured a sizeable earnings boost with a profit margin of 13% in the third quarter. Maconomy delivered an EBITDA profit of DKK 6.3 million, up DKK 1.5 million from Q3 2008, even on marginally lower revenue. The quarter brought a number of exciting deals in entirely new client segments. Maconomy maintains its full-year expectations for revenue of DKK 215 million with an EBITDA profit of DKK 15 million.

Maconomy wrapped up a solid third quarter as it announced earnings before depreciation (EBITDA) of DKK 6.3 million and an improved EBITDA margin of 13%, up from 9% in the same period last year. The earnings growth was secured on total revenue of DKK 49.4 million, 6% lower than in 2008 (3% adjusted for exchange rate fluctuations). The marginally lower revenue was due to declining licence revenue from existing clients, while licence revenue from new clients was solid. Additionally, Maconomy experienced growth in subscription revenue and a modest increase in consulting revenue despite 13% fewer resources in its consulting business.

Maconomy specialises in optimising business processes in project-focused companies – such as international consulting firms and agencies – by developing specially designed ERP software solutions for the specific industry in which each client operates.

Internal efficiency drive and external expansion

“It has been an exciting quarter where we got our foot in the door in a number of attractive industries and entirely new markets. We carried out a number of important cost reductions in the spring, designed to firm up our full-year profit outlook despite lower licence revenue. That effort is clearly evident in the third quarter results. Accordingly, we maintain our expectations for a full-year EBITDA profit of DKK 15 million on revenue of DKK 215 million,” says CEO Hugo Dorph, Maconomy.

Software licence revenue dropped 40% to DKK 8.3 million compared to the same period last year, reflecting the fact that very few businesses are hiring at the moment. This has naturally affected Maconomy’s existing clients, which have not purchased additional software licences at the same level as in the past. However, Maconomy has addressed this temporary downturn by trimming its own business to ensure a firm bottom line. Meanwhile, Maconomy successfully increased sales to new client segments.

During the third quarter Maconomy landed a number of strategically important deals, for instance with the audit network BDO, which invested in Maconomy's solutions for its Hong Kong office after a similar deal in South Africa in the second quarter. Furthermore, Maconomy entered an entirely new client segment by landing deals with the NGO organisations International IDEA in Sweden and AVRDC in Taiwan. These deals were accompanied by a contract in the banking sector – previously untrodden territory for Maconomy – as the financing bank Ikano Bank purchased a resource management and time capture solution.

“We are very pleased to present a profit margin of no less than 13%, a historic level for Maconomy. We have seen an uptake in sales to entirely new clients across new knowledge services segments and geographies. In the third quarter we also managed to progress a number of strategic sales cases, pointing towards a solid fourth quarter. Maconomy's greatest strength is delivering what we promise our clients. Our unique insight into the client's business and our genuine commitment to each implementation are crucial to client satisfaction, and this pays off in the long run as we build even closer ties to our clients,” says CEO Hugo Dorph, Maconomy.

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About Maconomy (www.maconomy.com)

Maconomy is a global supplier of industry-specific business solutions for project- and service-oriented companies. Maconomy provides services to approx. 600 customers in 50 countries through offices in the U.S. and Europe, and through a comprehensive partner network. More than 120,000 users worldwide use Maconomy's business solutions.