

# OpenText Intelligent Growth Strategy Drives Record Fourth Quarter and Fiscal Year 2014 Financial Results

## Appoints John Doolittle Chief Financial Officer

Waterloo, ON, July 30, 2014 - Open Text Corporation (NASDAQ: OTEX) (TSX: OTC) announced today its financial results for the fourth quarter and fiscal year ended June 30, 2014, and the appointment of John Doolittle as Chief Financial Officer.

### Financial Highlights for Q4 FY14 (1)

- Total revenue was \$494.0 million, up 42% Y/Y
- License revenue was \$99.7 million, up 27% Y/Y
- Cloud services revenue was \$148.9 million, up 255% Y/Y
- Customer support revenue was \$183.9 million, up 12% Y/Y
- Non-GAAP-based EPS, diluted was \$1.05 compared to \$0.72 Y/Y, up 48%; GAAP-based EPS, diluted was \$0.72 compared to \$0.36 Y/Y up 100%, on a post stock-split basis.(2)
- Non-GAAP-based income from operations was \$162.2 million and 33% of revenues up 58% Y/Y; GAAP-based income from operations was \$107.7 million and 22% of revenues, up 118% Y/Y.(2)
- Operating cash flow was \$134.9 million, up 107% Y/Y, with an ending cash balance of \$427.9 million.

### Financial Highlights for FY14 (1)

- Total revenue for the period was \$1,624.7 million, up 19% Y/Y
- License revenue was \$309.2 million, up 11% Y/Y
- Cloud services revenue was \$361.1 million, up 108% Y/Y
- Customer support revenue was \$707.0 million, up 7% Y/Y
- Non-GAAP-based EPS, diluted was \$3.37 compared to \$2.79 Y/Y, up 21%; GAAP-based EPS, diluted was \$1.81 compared to \$1.26 Y/Y up 44%, on a post stock-split basis.(2)
- Non-GAAP-based income from operations was \$502.7 million and 31% of revenues, up 26% Y/Y; GAAP-based income from operations was \$300.5 million and 18% of revenues, up 52% Y/Y.(2)
- Operating cash flow was \$417.1 million, up 31% Y/Y, with an ending cash balance of \$427.9 million.

"Our focus on Enterprise Information Management is well aligned to the strategic priorities of our customers. We delivered record quarterly and full fiscal year results, including full fiscal year total revenues of \$1.625 billion, up 19%, license of \$309 million, up 11%, and operating cash flows of \$417 million, up 31% year over year," said Mark J. Barrenechea OpenText CEO. "For Fiscal 2015, we are committed to unlocking further value, growth and leadership for our customers, partners and shareholders through focused execution utilizing our Intelligent Growth Business System (OTIGS)."

### Appoints John Doolittle as Chief Financial Officer

Mr. Doolittle is a senior executive with more than 20 years of financial experience, including most recently as Chief Financial Officer (CFO) of Mattamy Homes Limited, Canada's largest new home builder, and with Nortel Networks Corporation, where he held senior global finance roles.

"John brings tremendous experience as a seasoned global executive," said Mark J. Barrenechea OpenText CEO. "He has the breadth of financial skills, experience and leadership to take our finance organization and our company to the next level of scale, efficiency and growth."

Commenting on his appointment, Mr. Doolittle said, "OpenText's strategy of Enterprise Information Management is placing OpenText in a winning market position. I look forward to joining Mark's world-class executive team and contributing to the company's exciting next phase of growth and execution."

Effective September 8, 2014, Mr. Doolittle will replace Paul McFeeters who previously announced his intention to retire from his position as CFO by no later than September 30, 2014. Mr. Doolittle will work with Mr. McFeeters to ensure a seamless transition of financial leadership responsibilities.

Barrenechea further added, “I would like to take this opportunity again to thank Paul McFeeters. Paul has served as our CFO for 8 years, his career spans nearly 40 years and I thank him for his extraordinary service to the company. John and Paul will work together to ensure a textbook transition.”

### **Business Highlights**

- Basic materials, technology, services and financial industries saw the most demand
- 16 license transactions over \$1 million and 11 license transactions between \$500K and \$1 million
- Customer successes in the quarter include Banco Original, The City of Calgary, FMC Technologies, Joy Global, Del Monte Foods Inc, Tata Motors Limited, Superior Tribunal de Justiça, AbbVie and Eisenmann AG
- OpenText launches Discovery Suite to capture and create value in big content
- SAP and OpenText to accelerate global adoption of enterprise content management
- OpenText receives SAP® Pinnacle Award for the seventh consecutive year
- OpenText announces free enterprise file synchronization and sharing for content management customers

### **Dividend Program Highlights**

#### **Cash Dividend**

As part of our quarterly, non cumulative cash dividend program the Board declared a quarterly cash dividend to holders of the Company's Common Shares of \$0.1725. The record date for this dividend is August 29, 2014 and the payment date is September 19, 2014. Future declarations of dividends and the establishment of future record and payment dates are subject to the final determination and discretion of our Board of Directors.

<b><u>Summary of Quarterly Results</u></b>						
	Q4 FY14	Q3 FY14	Q4 FY13	% Change (Q/Q)	% Change (Y/Y)	
Revenue (million)	\$494.0	\$442.8	\$347.3	11.6 %	42.2 %	
GAAP-based gross margin	69.1 %	67.3 %	66.0 %	180 bps	310 bps	
GAAP-based operating margin	21.8 %	15.1 %	14.2 %	670 bps	760 bps	
GAAP-based EPS, diluted	\$0.72	\$0.38	\$0.36	89.5 %	100.0 %	
Non-GAAP-based gross margin <sup>(2)</sup>	72.9 %	71.3 %	72.9 %	160 bps	— bps	
Non-GAAP-based operating margin <sup>(2)</sup>	32.8 %	29.1 %	29.5 %	370 bps	330 bps	
Non-GAAP-based EPS, diluted <sup>(2)</sup>	\$1.05	\$0.84	\$0.72	25.0 %	45.8 %	

<b><u>Summary of Year to Date Results</u></b>				
	FY14	Q3 FY14 YTD	FY13	% Change (Y/Y)
Revenue (million)	\$1,624.7	\$1,130.7	\$1,363.3	19.2 %
GAAP-based gross margin	68.5 %	68.3 %	64.4 %	410 bps
GAAP-based operating margin	18.5 %	17.1 %	14.5 %	400 bps
GAAP-based EPS, diluted	\$1.81	\$1.08	\$1.26	43.7 %
Non-GAAP-based gross margin <sup>(2)</sup>	72.9 %	73.0 %	71.3 %	160 bps
Non-GAAP-based operating margin <sup>(2)</sup>	30.9 %	30.1 %	29.3 %	160 bps
Non-GAAP-based EPS, diluted <sup>(2)</sup>	\$3.37	\$2.32	\$2.79	20.8 %

**Conference Call Information**

The public is invited to listen to the earnings conference call today at 5:00 p.m. ET (2:00 p.m. PT) by dialing 866-530-1553 (toll-free) or 416-847-6330 (international). Please dial-in 15 minutes ahead of time to ensure proper connection. Alternatively, a live webcast of the earnings conference call will be available on the Investor Relations section of the Company's website at <http://investors.opentext.com/events.cfm> .

An audio replay of the conference call will also be made available approximately two hours after the conclusion of the call. The audio replay will remain available until 8:00 p.m. on August 14, 2014 and can be accessed by dialing 888-203-1112 (toll-free) or 647-436-0148 (international) and entering the confirmation code: 6995981 followed by the number sign.

Please see below note (2) for a reconciliation of non-U.S. GAAP-based financial measures used in this press release, to U.S. GAAP-based financial measures.

**About OpenText**

OpenText is the largest independent software provider of Enterprise Information Management (EIM). For more information please visit [www.opentext.com](http://www.opentext.com).

### **Cautionary Statement Regarding Forward-Looking Statements**

Certain statements in this press release, including statements about the focus of Open Text Corporation (“OpenText” or “the Company”) in Fiscal 2014 on growth in earnings and cash flows, creating value through investments in broader Enterprise Information Management (EIM) capabilities, distribution, the Company's presence in the cloud and in growth markets, its financial condition, results of operations and earnings, declaration of quarterly dividends, and other matters, may contain words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "may", "could", "would", "might", "will" and variations of these words or similar expressions are considered forward-looking statements or information under applicable securities laws. In addition, any information or statements that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking, and based on our current expectations, forecasts and projections about the operating environment, economies and markets in which we operate. Forward-looking statements reflect our current estimates, beliefs and assumptions, which are based on management's perception of historic trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances, such as certain assumptions about the economy, as well as market, financial and operational assumptions. Management's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. We can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Such forward-looking statements involve known and unknown risks, uncertainties and other factors and assumptions that may cause the actual results, performance or achievements to differ materially. Such factors include, but are not limited to: (i) the future performance, financial and otherwise, of OpenText; (ii) the ability of OpenText to bring new products and services to market and to increase sales; (iii) the strength of the Company's product development pipeline; (iv) the Company's growth and profitability prospects; (v) the estimated size and growth prospects of the EIM market; (vi) the Company's competitive position in the EIM market and its ability to take advantage of future opportunities in this market; (vii) the benefits of the Company's products and services to be realized by customers; (viii) the demand for the Company's products and services and the extent of deployment of the Company's products and services in the EIM marketplace; and (ix) the Company's financial condition and capital requirements. The risks and uncertainties that may affect forward-looking statements include, but are not limited to: (i) integration of acquisitions and related restructuring efforts, including the quantum of restructuring charges and the timing thereof; (ii) the possibility that the Company may be unable to meet its future reporting requirements under the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder; (iii) the risks associated with bringing new products and services to market; (iv) fluctuations in currency exchange rates; (v) delays in the purchasing decisions of the Company's customers; (vi) the competition the Company faces in its industry and/or marketplace; (vii) the final determination of litigation, tax audits and other legal proceedings; (viii) the possibility of technical, logistical or planning issues in connection with the deployment of the Company's products or services; (ix) the continuous commitment of the Company's customers; and (x) demand for the Company's products. For additional information with respect to risks and other factors which could occur, see the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other securities filings with the Securities and Exchange Commission (SEC) and other securities regulators. Readers are cautioned not to place undue reliance upon any such forward-looking statements, which speak only as of the date made. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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