



Results for the year ended 30 September 2007

Results to 30 September 2007

Overview of the year

Financial and regional review

Business review and outlook

Questions

Highlights of the year

- **Successful year**
 - Good growth driving strong cash flow
- **Solid growth across the Group**
 - UK, Mainland Europe and Rest of World reported excellent results
 - North America mixed performance, but profitable and still growing
- **Six principal acquisitions made to November 2007**
- **Customer base increased by 319,000 to 5.5m**
- **Rebased dividend resulting in dividend increase of 95%**

RUNNING A BUSINESS DEMANDS UNIQUE VISION. THAT'S SAGE 360°.



FINANCIAL MANAGEMENT | CUSTOMER MANAGEMENT | PEOPLE MANAGEMENT | PAYROLL SERVICES | TAXMENT SOLUTIONS | INDUSTRY-SPECIFIC SOLUTIONS

Sage Software helps Bill Battwin, Vice President of Administration at Hobie Cat, to see his operation from every possible angle. With a full complement of integrated modules, his Sage ERP solution manages everything from Hobie Cat's finances to operations to boat manufacturing. And it's just one of our many software and service solutions for small and medium-sized businesses, from entry level accounting and contact management software to end-to-end solutions encompassing accounting, CRM and HR. All of which come with expert advice, installation, training, plus ongoing service and support. For a fresh perspective on your business, visit sage360.com.

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Financial highlights

Full year to 30 September 2007

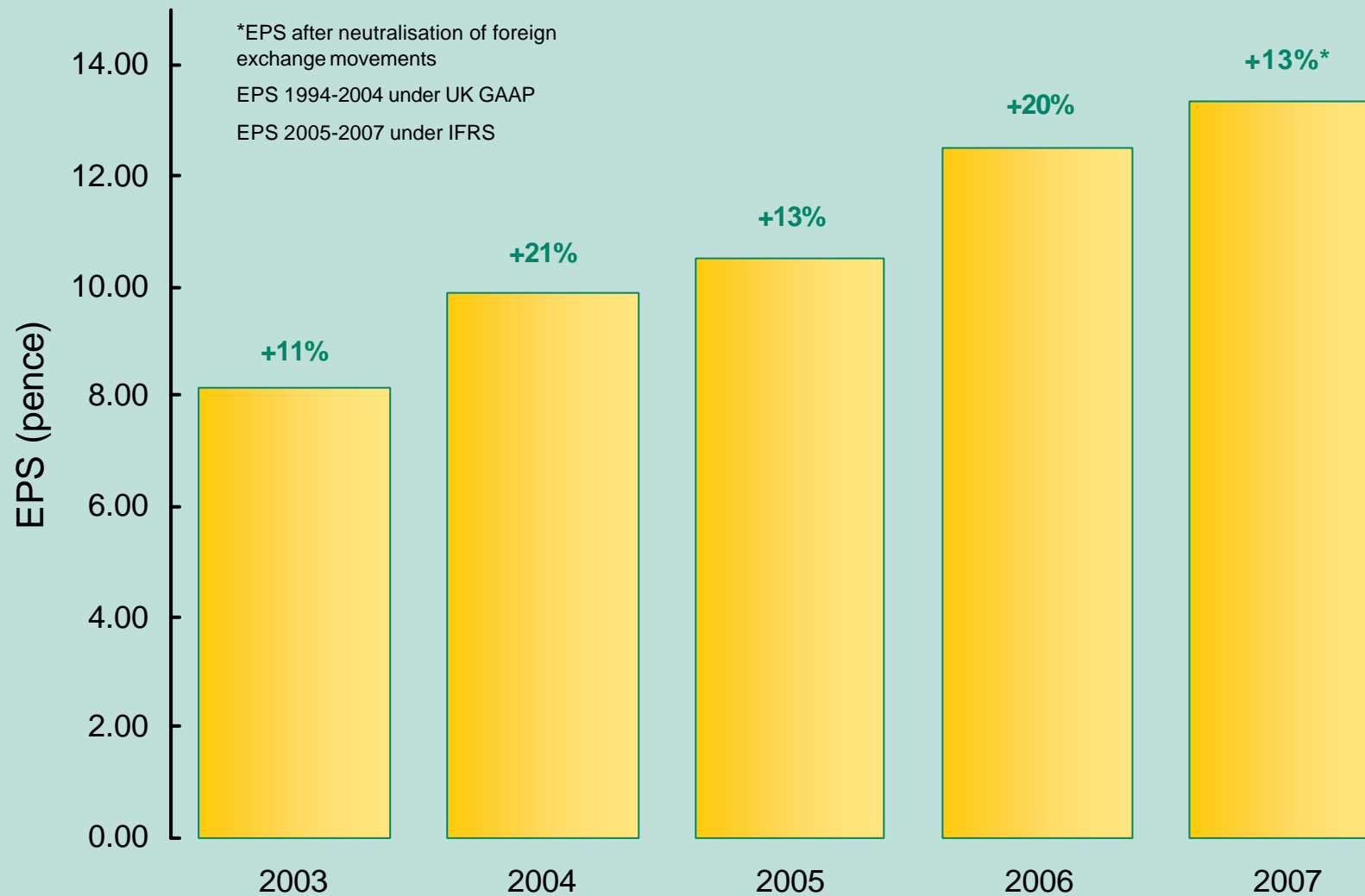
| | | | |
|------------------------------|-----------|---|------|
| Revenue | £1,157.6m | ↑ | 30%* |
| EBITA† | £283.2m | ↑ | 20%* |
| Operating cash flow/EBITA | 112% | | |
| Adjusted earnings per share^ | 13.34p | ↑ | 13% |
| Dividend per share | 7.00p | ↑ | 95% |

*At constant exchange rates

†Earnings before interest, tax, amortisation of intangible fixed assets and prior year gain on disposal of £2.7m in North America

^Stated prior to amortisation of intangible fixed assets, prior year gain on disposal of £2.7m and neutralisation of foreign exchange movements

Double digit growth in adjusted earnings per share



Active and focused acquisition strategy

| Company | Industry specialism | Country | Enterprise value |
|-------------------------------|------------------------------|------------------------------|------------------|
| Protx | Payment processing services | UK | £20.7m |
| Snowdrop | HR and payroll | UK | £17.2m |
| KCS* | HR and payroll | UK | £20.0m |
| XRT | Treasury and cash management | France, Spain, South America | £26.3m |
| Pro-Concept | Accounting: mid-market | Switzerland | £5.8m |
| Creative | HR and payroll | Singapore, Malaysia | £3.1m |
| TOTAL ENTERPRISE VALUE | | | £93.1m |

*Completed after the year-end

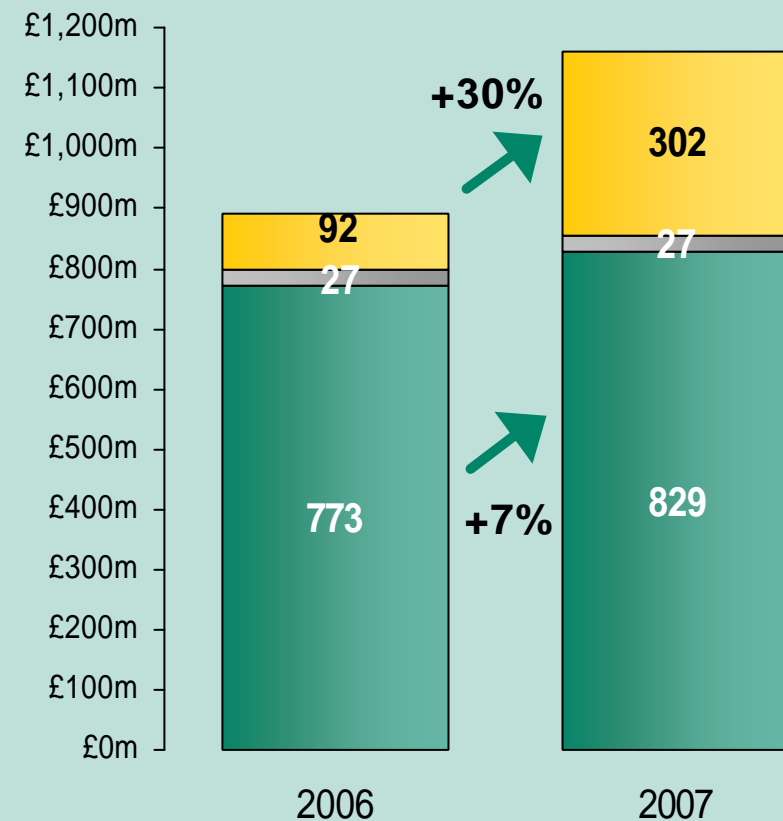


Financial review

Total revenue

- 30% increase in total revenues
- 7% organic growth
- 26% contribution from 2006/2007 acquisitions
- Non-core 2% of revenues

Organic Non-core Acquisitions / disposals

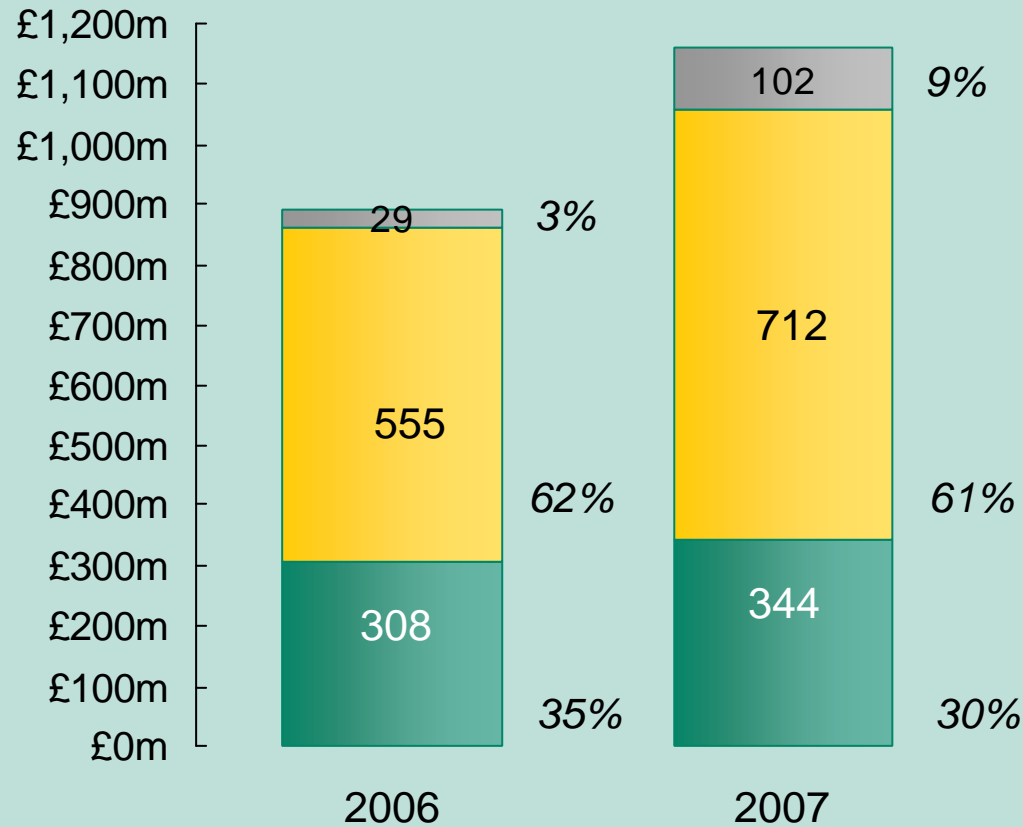


£m at constant exchange rates

Revenue sources

Total revenue

■ Software ■ Software related services ■ Other services



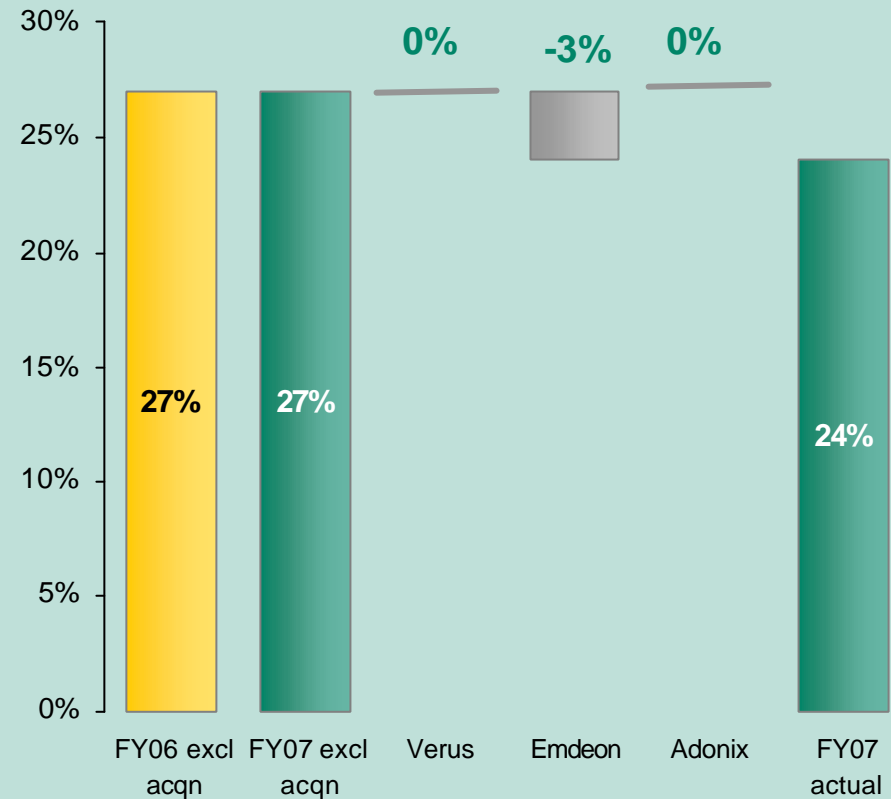
£m at constant exchange rates

Organic revenue growth



EBITA[†] margin

- EBITA[†] margin 24% (2006: 26%)
- Excluding principal 2006 acquisitions margin maintained
- Dilution effects principally the result of Emdeon acquisition



[†]Earnings before interest, tax, amortisation of intangible fixed assets and prior year gain on disposal of £2.7m in North America

At constant exchange rates

Cash flow and net debt

| | £m | | £m | | £m | | |
|----------------------------------|--------------|---|----------------------------------|--------------|--------------------------|-------------------------------|----------------|
| EBITA | 283.2 | → | Cash flow from operations | 317.1 | Net debt 30/09/06 | (593.6) | |
| Depreciation / amortisation | 21.8 | | Interest | (31.0) | → | Free cash flow | 182.1 |
| Loss on disposal | 1.8 | | Tax | (66.1) | | Acquisitions /disposal | (95.3) |
| Stock compensation | 8.8 | | Net capex | (37.9) | | Dividends | (49.0) |
| Working capital change | (13.0) | | | | | Forex | 33.3 |
| Deferred income change | 16.4 | | | | | Share issues | 15.0 |
| Exchange differences | (1.9) | | | | | Other | (2.2) |
| Cash flow from operations | 317.1 | → | Free cash flow | 182.1 | → | Net debt 30/09/07 | (509.7) |
| Cash:profit conversion | 112% | | Interest cover | 8.0x | | Net debt gearing | 33% |

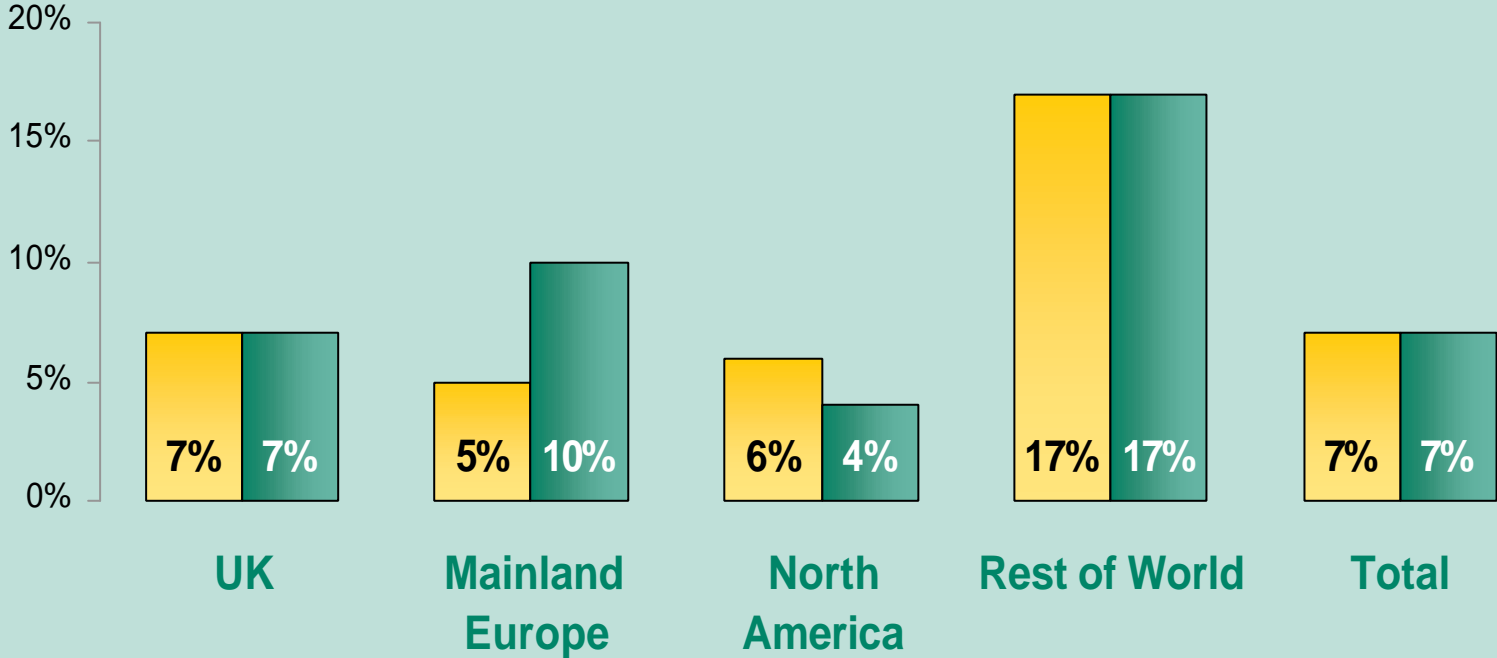


Regional review

Organic revenue growth trends

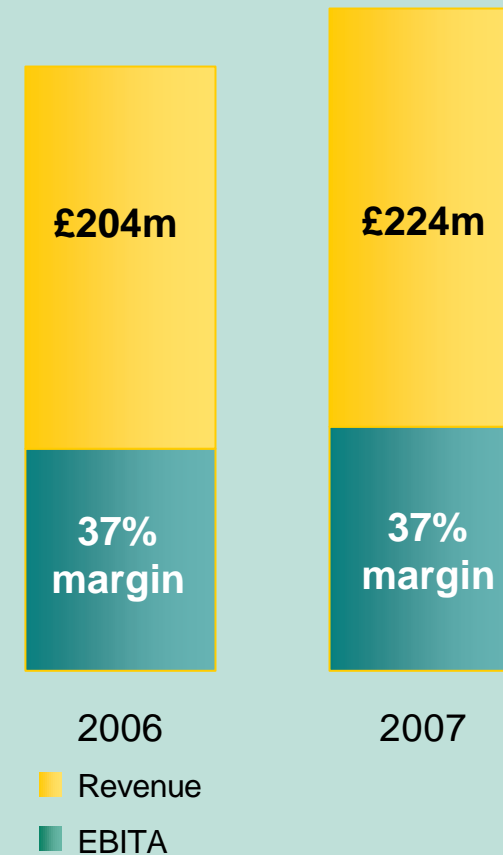
% growth on prior year at constant exchange rates

2006 2007



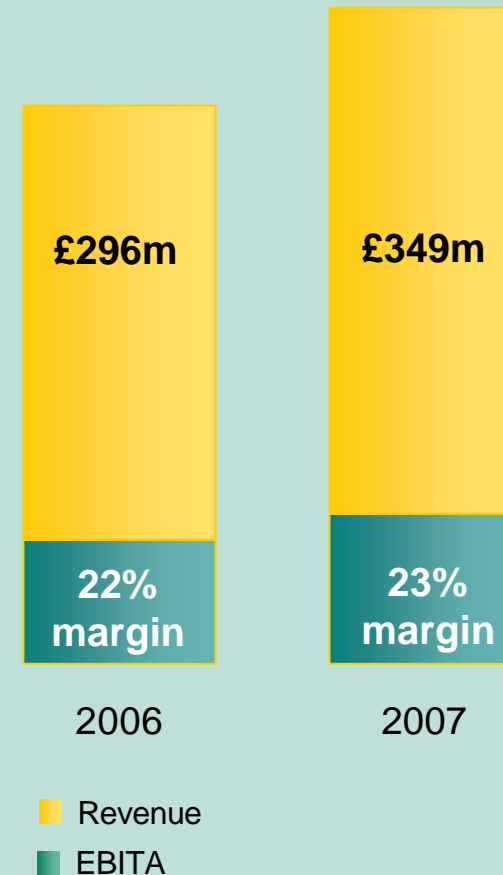
UK

- Total revenue growth +10%
- Organic revenue +7%
 - Successful launch of 1st integrated product suites
 - Strong growth in HR and payroll products
 - Excellent growth in CRM products
- 3 acquisitions completed
 - Protx
 - Snowdrop
 - KCS (completed after the year-end)
- EBITA margin 37% (2006: 37%)
- Strong, sustainable business



Mainland Europe

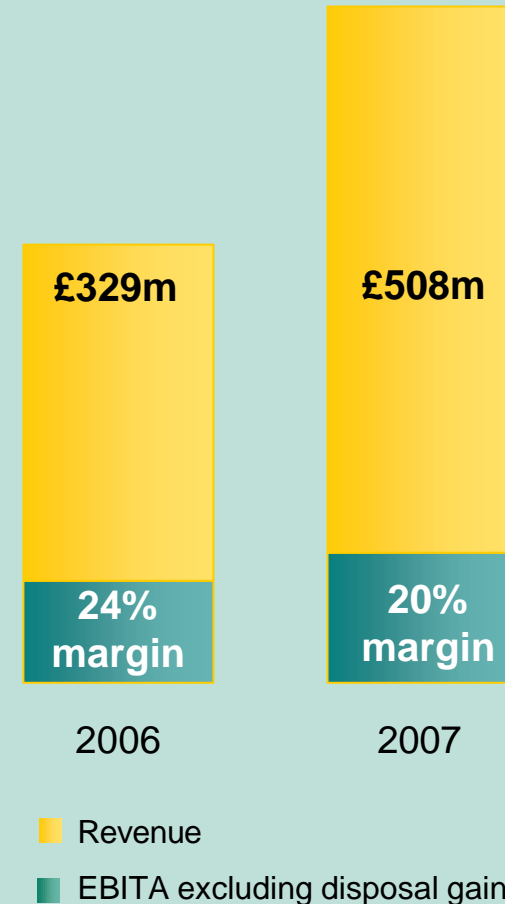
- Total revenue growth +18%
- Organic revenue +10%
 - France +6%
 - Germany/Switzerland +8%
 - Spain +19%
 - Poland +21%
- 2 principal acquisitions completed
 - Pro-Concept
 - XRT
- EBITA margin 23% (2006: 22%)
 - Strong contribution from Spain and Germany/Switzerland
- One-off tax change stimulus contributed to 2007 results



At constant exchange rates

North America

- Total revenue growth +54%
- Organic revenue +4%
- Small Business Division +3%
 - Impacted by *Peachtree* upgrade and *ACT!* corporate licences
- Mid-Market Division +4%
 - Improvement in H2 to 5%
 - Good H2 performances from *Timberline*, *Nonprofit*, *ACCPAC* and in CRM
- Reorganisation of operating divisions initiated to improve customer focus
- Change in North American head office team to meet demands of managing larger business

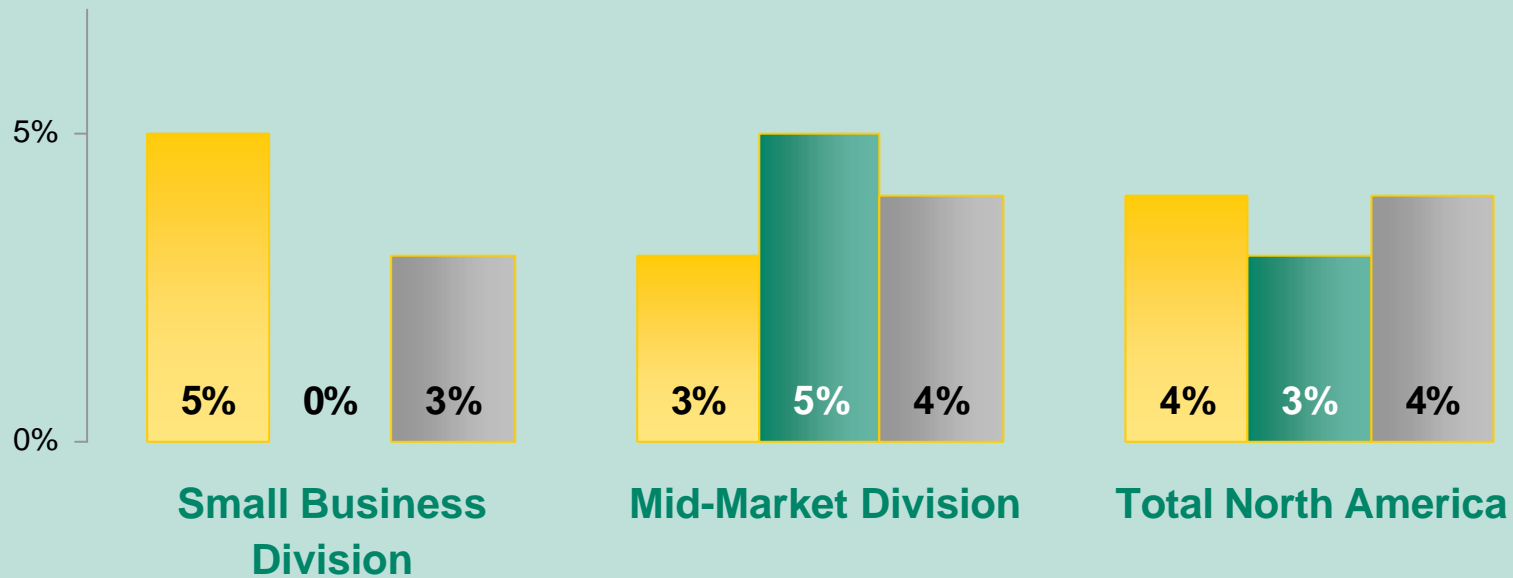


At constant exchange rates

North American relative organic revenue growth

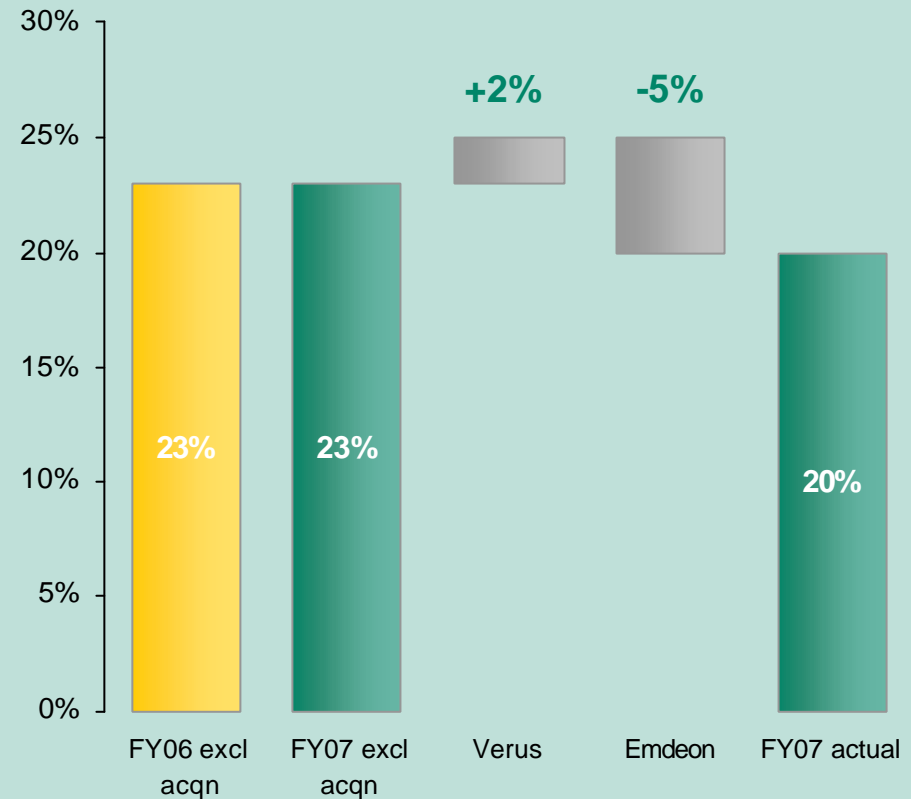
% growth on prior year at constant exchange rates

■ H1 FY07 ■ H2 FY07 ■ FY07



North America EBITA[†] margin

- EBITA[†] margin 20% (2006: 24%)
 - Net dilutive effects of 2006 acquisitions, principally Healthcare (Emdeon)
- Improvement in Healthcare margins to 7%
- Investment required in 2008 to drive sustained organic growth in North America

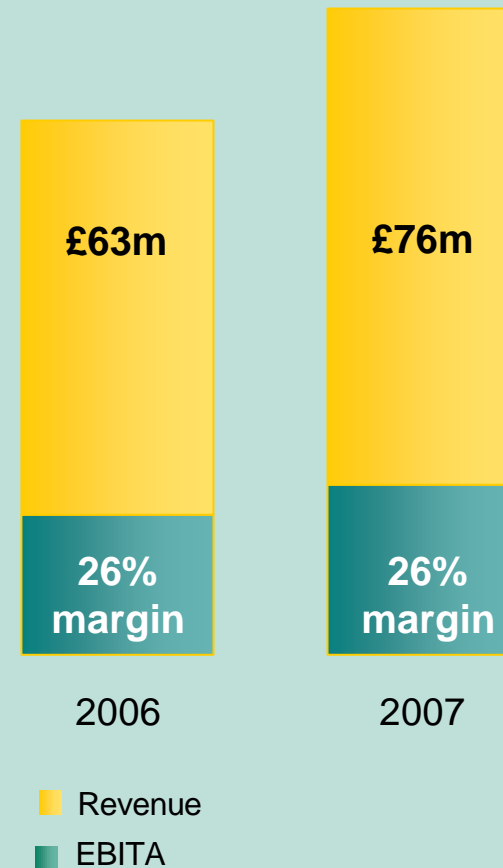


[†]Earnings before interest, tax, amortisation of intangible fixed assets and prior year gain on disposal of £2.7m

At constant exchange rates

Rest of World

- Total revenue growth +21%
- Organic revenue +17%
 - South Africa +20%
 - Australia +15%
 - Strong growth in both licence and support contracts
 - Expansion of HR and payroll offering
- Acquisition of Creative
 - Leading HR and payroll supplier in Singapore and Malaysia
- EBITA margin 26% (2006: 26%)
- Growth sustainable through 2008



At constant exchange rates

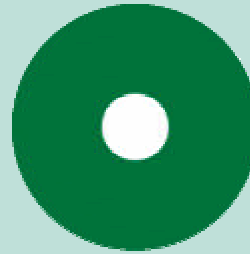


Business review and outlook

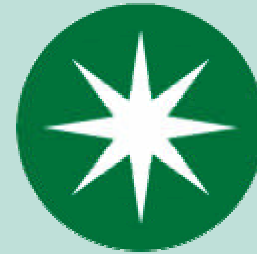
Sage's guiding principles drive performance



Agility



Simplicity



Innovation



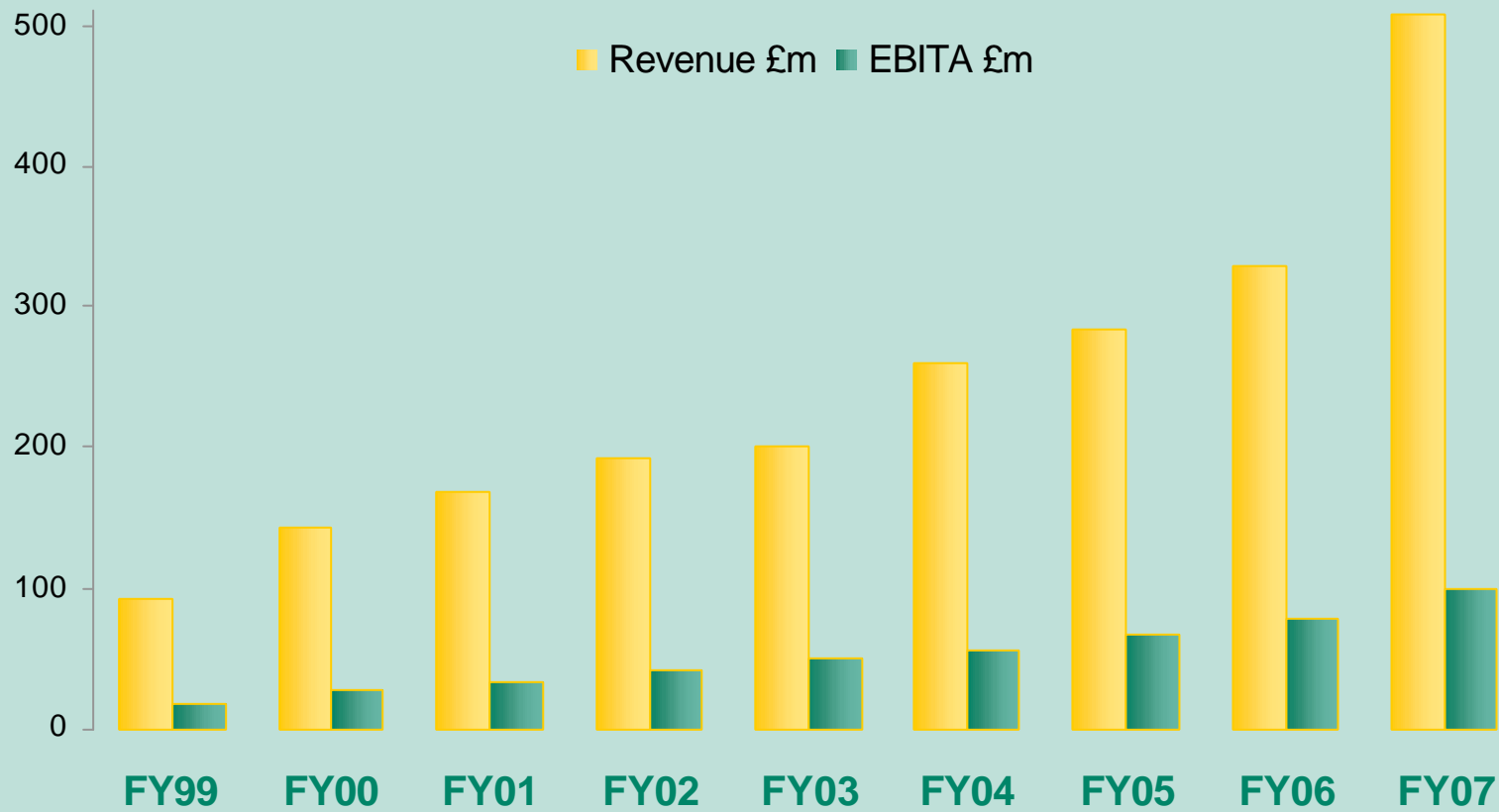
Integrity



Trust

North America's growth

Historic revenue and EBITA



North America strategic goals 2008

- Continue to leverage strong brand portfolio
 - *Peachtree, ACCPAC, ACT!, Simply, SalesLogix, MAS, Timberline*
- Focus on driving organic revenue growth
- Improve the customer experience in sales and service support
 - “Help our customers manage their businesses better”
 - Sell more effectively to our 2.8m customer base
- Launch and support product suite solutions
 - Proven demand in our other markets
 - Competitive advantage is our broader functionality and tailored solutions



SAGE ACCPAC



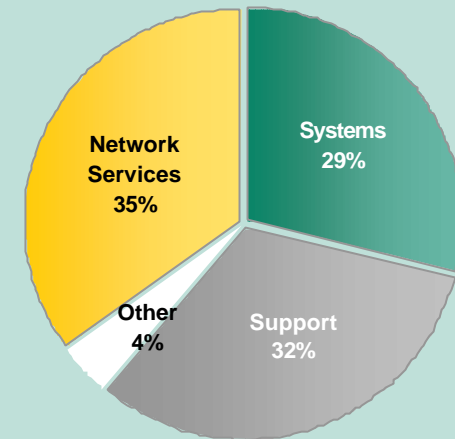
SAGE TIMBERLINE OFFICE

SAGE MAS 90

Sage Healthcare Division (formerly Emdeon)

- **Financial performance**

- Revenue growth 1%, EBITA margin 7%
- Improving trends in systems sales and reduction in installation backlog
- Revenue enhancement initiatives delayed by management changes, impacting 2007 revenue growth



- **Strategic focus for 2008**

- Improve network services (insurance claims service)
- Improve quality of support service
- Refocus on re-engaging with our 20,000 customers and Medical Manager customers
- Improve efficiency of professional services (installation & hardware)

- **Still convinced of the strong potential of this market**

At constant exchange rates

Sage Payment Solutions Division (formerly Verus)

- **Strong performance over the year**
 - Revenue growth +14%
 - Margins improved to 42%
- **Integration into Sage products well advanced**
 - Sage Healthcare and *Peachtree* completed
 - *MAS* integration completed by Q1 FY08
 - *Simply, ACCPAC, Timberline* next priorities
- **Stand-alone product innovation**
 - Security vault patent pending
 - Proprietary gateway interface
 - Potential in new sectors for service expansion
 - Geographic expansion advancing

At constant exchange rates



Strategic initiatives in other regions

UK
+7% organic growth

- Taking the lead in product suites solutions
- Successful expansion of product offering into HR and payroll, CRM
- Continual innovation in service offering

Mainland Europe
+10% organic growth

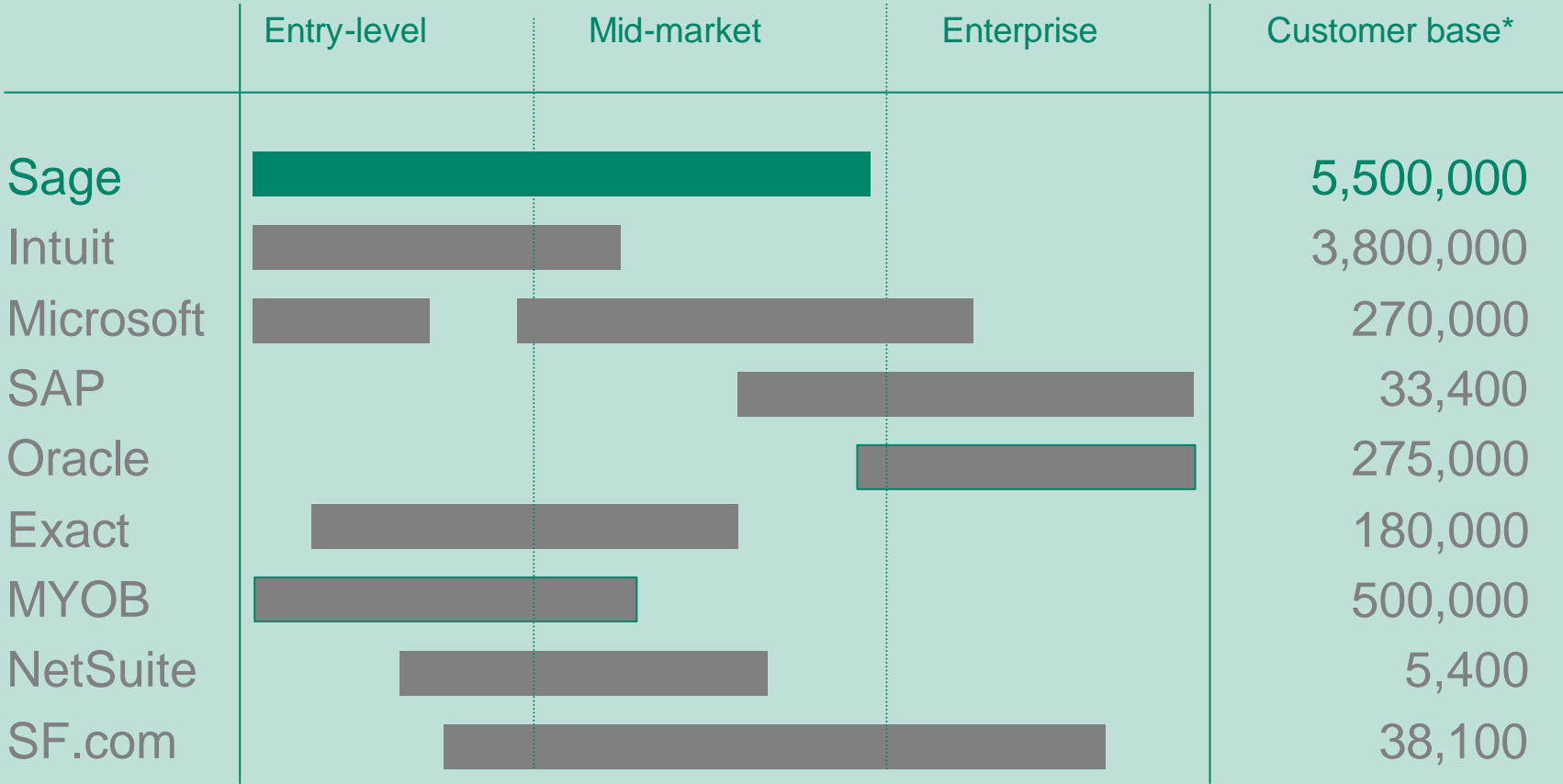
- France: mid-market reorganisation/*Sage 100* driving growth
- Germany/Switzerland: benefit of past investment
- Spain: successful service offering & strong migration strategies
- Poland: developing licence and service support offering

Rest of World
+17% organic growth

- Focus on innovation, service, the customer experience
- HR and payroll offering driving growth
- Service support developing in higher margin areas

At constant exchange rates

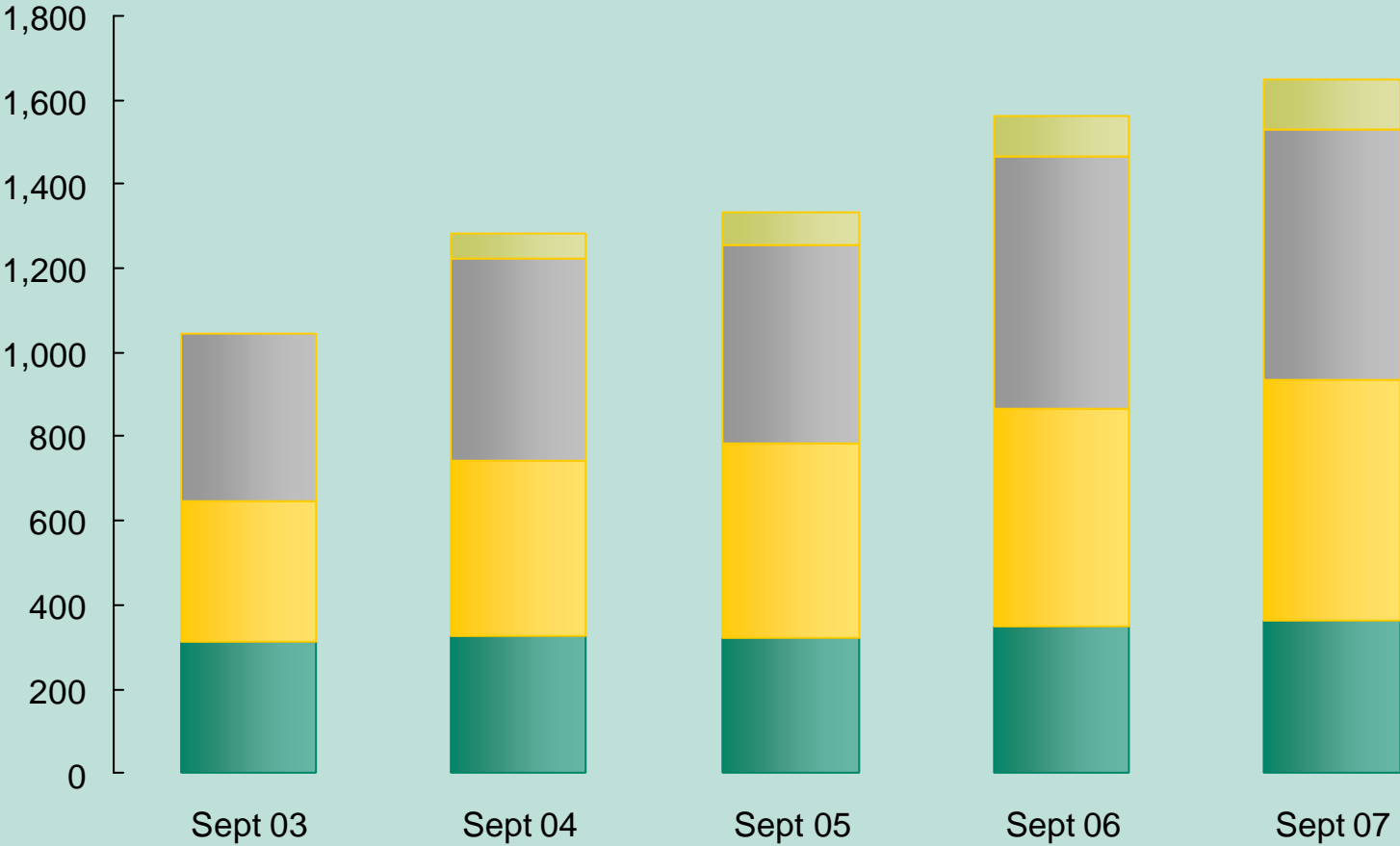
Competitive landscape



* Mixture of Sage Forecasts and market statistics

Support contracts

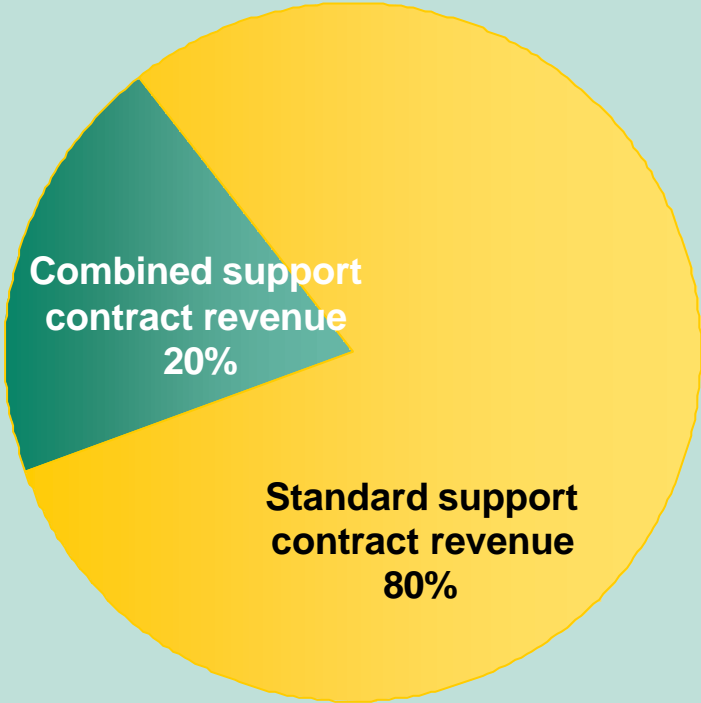
thousands



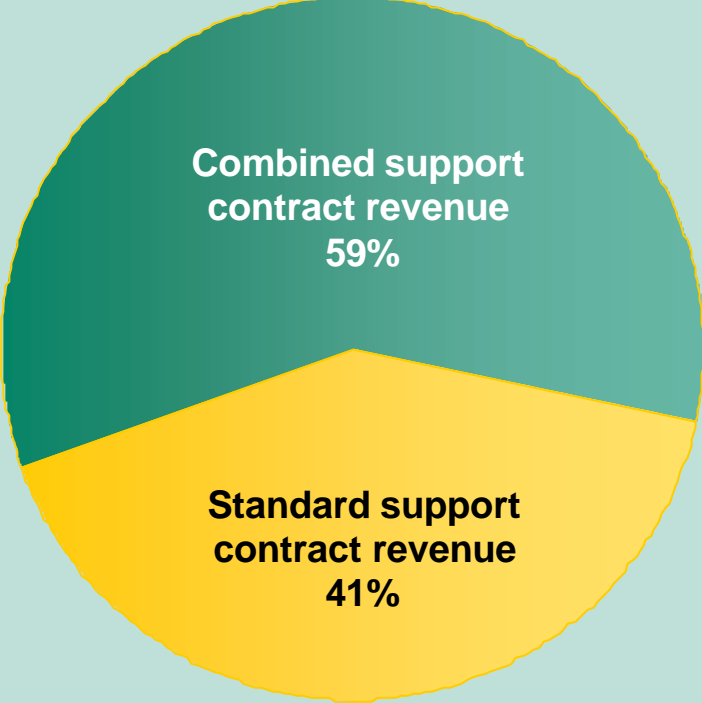
■ UK ■ Mainland Europe ■ North America ■ Rest of World

Continued growth in annual combined contracts

2000



2007

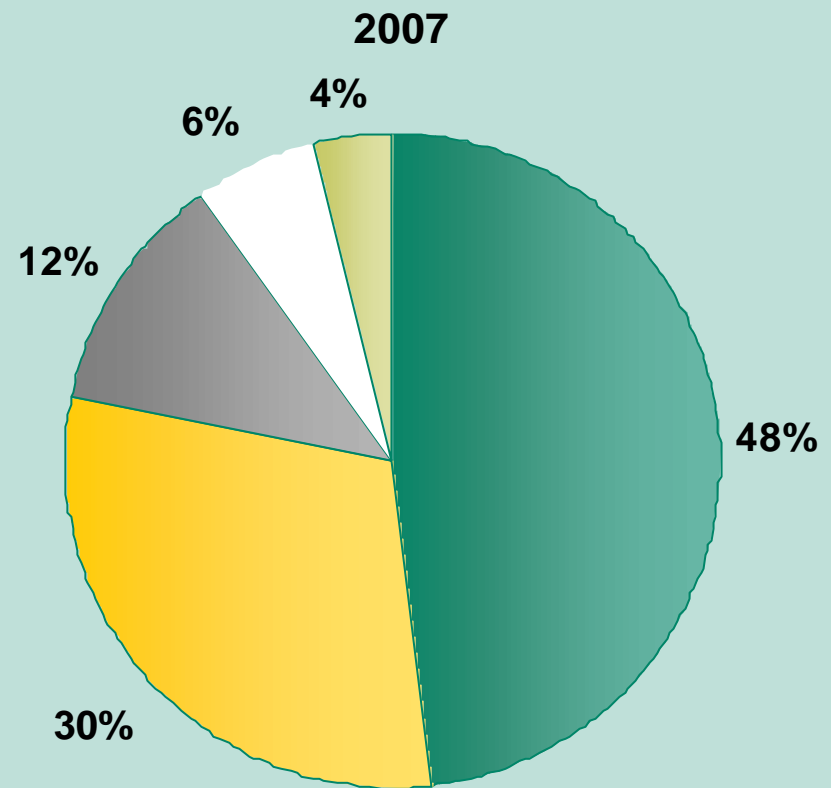
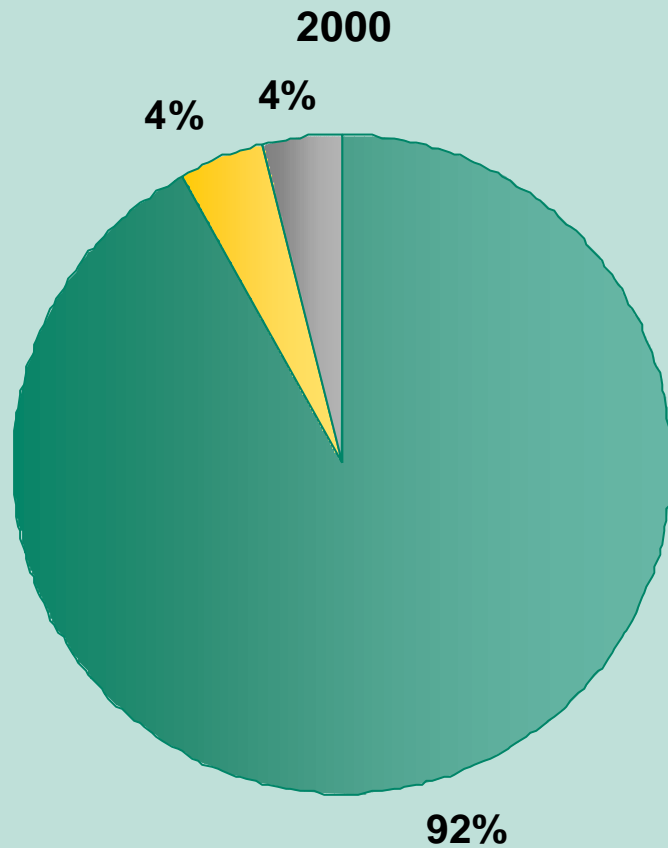


At constant exchange rates

Hybrid technology model evolving



Changing shape of our customer base



- Accounting
- Industry-specific
- HR and Payroll
- CRM
- Payment processing

Outlook

- **Another successful year – scale of our business substantially increased**
- **All our regions well-positioned for further growth**
 - Three regions reported excellent and sustainable results
 - Clear strategy and objectives set for improving North America
- **Financial strength and stable cash flows to fund both acquisitions and increased dividend**
- **Technological change and customer demand provide rich source of future growth**
- **Strong business model whose defensive characteristics lead us to view 2008 with confidence**



**PLEASE TURN OFF BLACKBERRIES AND MOBILES FOR
THE BENEFIT OF LISTENERS OFF SITE**

Questions



Supplementary information

Organic revenue growth

| | 2006 | 2007 | Growth |
|---|--------------|----------------|------------|
| | £m | £m | % |
| TOTAL REPORTED | 935.6 | 1,157.6 | 24% |
| Impact of retranslation to 2007 exchange rates | (43.2) | - | |
| TOTAL EXCLUDING FOREX | 892.4 | 1,157.6 | 30% |
| <u>less</u> 2007 acquisitions (Protx, Pro-Concept, Snowdrop, Creative, XRT) | - | (11.8) | |
| <u>less</u> 2007 disposals (Hardware division Logic Control) | (7.0) | (6.4) | |
| <u>less</u> 2006 acquisitions (Adonix, Verus, UBS, Master Builder, Elit, Bäurer, Emdeon) | (83.8) | (283.1) | |
| <u>less</u> 2006 disposal (CPASoftware) | (1.4) | - | |
| <u>less</u> contribution of non-core products | (27.2) | (27.1) | |
| ORGANIC | 773.0 | 829.2 | 7% |

Operating profit by region

| £m 2007 | UK | Mainland Europe | North America | Rest of World | TOTAL |
|---|--------------|-----------------|---------------|---------------|---------------|
| EBITA pre share-based payment | 85.4 | 82.6 | 103.5 | 20.5 | 292.0 |
| Share-based payment | (2.8) | (2.0) | (3.5) | (0.5) | (8.8) |
| Earnings before interest, tax and net amortisation (EBITA) | 82.6 | 80.6 | 100.0 | 20.0 | 283.2 |
| Amortisation of acquired intangible assets | (1.5) | (9.1) | (16.4) | (0.2) | (27.2) |
| Capitalisation of software development | - | - | - | - | - |
| Amortisation of capitalised software development | (0.3) | (0.3) | (0.2) | - | (0.8) |
| Net capitalisation of software development | (0.3) | (0.3) | (0.2) | - | (0.8) |
| Operating profit | 80.8 | 71.2 | 83.4 | 19.8 | 255.2 |

UK

Revenues

| | |
|---------------------------|----------------|
| Software | £91.7m |
| Software related services | £128.8m |
| Other services | £3.6m |
| Total | £224.1m |

Profit

| | |
|---------------------|------------|
| EBITA | £82.6m |
| EBITA margin | 37% |

Customers*

| | |
|------------------------|----------------|
| New customers | 40,000 |
| Total customers | 741,000 |

Support contracts

| | |
|--------------------------------|----------------|
| New support contracts | 12,000 |
| Total support contracts | 363,000 |

* Excluding ACT!

Mainland Europe

Revenues

| | |
|---------------------------|----------------|
| Software | £101.1m |
| Software related services | £248.0m |
| Total | £349.1m |

Profit

| | |
|---------------------|------------|
| EBITA | £80.6m |
| EBITA margin | 23% |

Customers*

| | |
|------------------------|------------------|
| New customers | 87,000 |
| Total customers | 1,502,000 |

Support contracts

| | |
|--------------------------------|----------------|
| New support contracts | 53,000 |
| Total support contracts | 569,000 |

* Excluding ACT!

North America

Revenues

| | |
|---------------------------|----------------|
| Software | £121.6m |
| Software related services | £288.3m |
| Other | £98.2m |
| Total | £508.1m |

Profit

| | |
|---------------------|------------|
| EBITA | £100.0m |
| EBITA margin | 20% |

Customers*

| | |
|------------------------|------------------|
| New customers | 147,000 |
| Total customers | 2,871,000 |

Support contracts

| | |
|--------------------------------|----------------|
| New support contracts | (2,000) |
| Total support contracts | 598,000 |

* Excluding ACT!

North American new operating divisions

Small Business and Mid-Market accounting, ERP, CRM

Business Management Division

45% FY07 revenue

Industry-specific solutions and human resource management

Industry and Specialised Solutions Division

15% FY07 revenue

Emdeon Practice Services

Sage Healthcare Division

31% FY07 revenue

Verus

Sage Payment Solutions Division

9% FY07 revenue

Rest of World

Revenues

| | |
|---------------------------|---------------|
| Software | £29.2m |
| Software related services | £47.1m |
| Total | £76.3m |

Profit

| | |
|---------------------|------------|
| EBITA | £20.0m |
| EBITA margin | 26% |

Customers*

| | |
|------------------------|----------------|
| New customers | 45,000 |
| Total customers | 442,000 |

Support contracts

| | |
|--------------------------------|----------------|
| New support contracts | 27,000 |
| Total support contracts | 119,000 |

* Excluding ACT!