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### Enghouse Releases Fourth Quarter Results, Completing Another Strong Year

FOR IMMEDIATE RELEASE

**Markham, Ontario – December 16, 2015 – Enghouse Systems Limited (TSX:ESL)** today announced its fourth quarter (unaudited) and year-end financial results for the period ended October 31, 2015.

Revenue increased by 27.0% to \$279.3 million for the fiscal year, compared to revenue of \$220.0 million in the previous fiscal year, resulting in a record year for the Company. Income from operating activities was \$67.3 million compared to \$52.1 million last year, an increase of 29.1%. Net income for the fiscal year was \$31.4 million or \$1.17 per diluted share compared to \$29.7 million or \$1.11 per diluted share in the prior year. Adjusted EBITDA for the fiscal year was \$71.9 million or \$2.69 per diluted share compared to \$56.0 million or \$2.09 per diluted share last year, an increase of 28.7%.

Fourth quarter revenue was \$76.3 million, an increase of 23.0% over revenue of \$62.1 million in the fourth quarter last year. Increased revenue in the quarter reflects incremental revenue from acquisitions and the favorable impact of foreign exchange. Adjusted EBITDA for the quarter was \$21.1 million or \$0.78 per diluted share compared to \$15.6 million or \$0.58 per diluted share in last year's fourth quarter.

Results from operating activities for the quarter were \$20.0 million compared to \$14.6 million in the prior year's fourth quarter, an increase of 36.8% over the prior year. Net income for the quarter was \$13.2 million or \$0.49 per diluted share compared to the prior year's fourth quarter net income of \$9.7 million or \$0.36 per diluted share.

Operating expenses before special charges related to restructuring of acquired operations were \$32.9 million compared to \$27.9 million in the prior year's fourth quarter and primarily include incremental operating costs related to acquisitions and the negative impact of foreign exchange. Non-cash amortization charges in the quarter were \$6.1 million compared to \$5.2 million in the prior year's fourth quarter and include amortization charges for acquired software and customer relationships from acquired operations. Operating expenses in the fourth quarter also include \$10.7 million, or 14.0% of revenue in research and development related expenses compared to \$10.7 million or 17.3% in fiscal 2014. As expected, research and development expenses declined as a percentage of revenue as the Company grows its revenue base.

Operating expenses before special charges related to restructuring of acquired operations were \$121.4 million for the fiscal year or 43.4% of revenue compared to \$101.0 million in the prior fiscal year or 45.9% as a result of efficiency improvements undertaken during the fiscal year.

Enghouse generated cash flows from operations of \$11.3 million in the quarter compared to \$6.9 million in the prior year's fourth quarter. Cash flows generated from operations for the fiscal year were \$50.5 million compared to \$47.6 million in the prior fiscal year. Enghouse closed the quarter with \$98.4 million in cash, cash equivalents and short-term investments, compared to \$84.9 million at October 31, 2014. The cash balance was achieved after payment of \$27.6 million for acquisitions (net of cash acquired), \$2.4 million to finalize prior year acquisitions, \$11.8 million to settle litigation matters and dividends of \$11.5 million. The Company continues to have no long-term debt.

The Board of Directors has approved an eligible quarterly dividend of \$0.12 per common share, payable on February 29, 2016 to shareholders of record at the close of business on February 15, 2016.

Subsequent to year end, Enghouse completed the previously announced acquisition of CTI Group (Holdings) Inc. (“CTI”) on December 7, 2015. Headquartered in Indianapolis, Indiana with operations in the UK, CTI’s telecommunications software products include carrier grade billing analytics, self-care, invoice presentment, multi-channel customer interaction recording and call accounting solutions. The products are deployed as on-premise licensed, multi-tenant hosted, SaaS or managed services offerings.

A conference call to discuss the results will be held on Thursday December 17, 2015 at 8:45 a.m. EST. To participate, please call 416-640-5946 or North American Toll-Free 1-866-233-4585. No PIN required.

## **About Enghouse**

Enghouse Systems Limited is a leading global provider of enterprise software solutions serving a variety of distinct vertical markets. Its strategy is to build a diverse software company through strategic acquisitions targeting the Contact Center, Networks (OSS/BSS) and Transportation/Public Safety sectors. Enghouse shares are listed on the Toronto Stock Exchange under the symbol “ESL”. Further information about Enghouse may be obtained from the Company’s website at [www.enghouse.com](http://www.enghouse.com).

## **Non-GAAP Measures**

The Company uses non-GAAP measures to assess its operating performance. Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than GAAP do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, they should not be considered in isolation. The Company uses Adjusted EBITDA as a measure of operating performance. Therefore, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is calculated as results from operating activities adjusted for depreciation of property, plant and equipment, and special charges for acquisition related restructuring costs. Management uses Adjusted EBITDA to evaluate operating performance as it excludes amortization of software and intangibles (which is an accounting allocation of the cost of software and intangible assets arising on acquisition), any impact of finance and tax related activities, asset depreciation, other income and restructuring costs primarily related to acquisitions.

## **Adjusted EBITDA:**

The table below reconciles Adjusted EBITDA to the most directly comparable IFRS measure, Results from operating activities:

	Three Months ended		Year ended	
	October 31, 2015	October 31, 2014	October 31, 2015	October 31, 2014
<b>Total Revenue</b>	<b>\$ 76,329</b>	<b>\$ 62,056</b>	<b>\$ 279,313</b>	<b>\$ 219,987</b>
<b>Results from operating activities</b>	<b>19,967</b>	<b>14,594</b>	<b>67,263</b>	<b>52,064</b>
Depreciation of property, plant and equipment	767	643	2,688	2,315
Special charges	328	360	1,989	1,616
<b>Adjusted EBITDA</b>	<b>\$ 21,062</b>	<b>\$ 15,597</b>	<b>\$ 71,940</b>	<b>\$ 55,995</b>
<b>Adjusted EBITDA margin</b>	<b>27.6%</b>	<b>25.1%</b>	<b>25.8%</b>	<b>25.5%</b>
<b>Adjusted EBITDA per diluted share</b>	<b>\$ 0.78</b>	<b>\$ 0.58</b>	<b>\$ 2.69</b>	<b>\$ 2.09</b>

**Enghouse Systems Limited**  
**Consolidated Statements of Financial Position**  
*(in thousands of Canadian dollars)*

	<b>As at October 31, 2015</b>	<b>As at October 31, 2014</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 94,131	\$ 72,780
Short-term investments	4,306	12,084
Accounts receivable, net	60,765	54,341
Prepaid expenses and other assets	8,330	7,571
	<b>167,532</b>	<b>146,776</b>
<b>Non-current assets</b>		
Property, plant and equipment	5,039	4,020
Intangible assets	68,976	68,014
Goodwill	123,868	98,534
Deferred income tax assets	10,600	10,427
	<b>198,483</b>	<b>181,005</b>
<b>Total assets</b>	<b>\$ 376,015</b>	<b>\$ 327,771</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 51,284	\$ 41,297
Income taxes payable	2,680	2,644
Dividends payable	3,190	2,616
Provisions	3,335	3,407
Deferred revenue	48,694	46,434
	<b>109,183</b>	<b>96,398</b>
<b>Non-current liabilities</b>		
Deferred income tax liabilities	20,022	19,930
Deferred revenue	3,458	3,188
	<b>23,480</b>	<b>23,118</b>
<b>Total liabilities</b>	<b>132,663</b>	<b>119,516</b>
<b>Shareholders' Equity</b>		
Share capital	64,203	59,746
Contributed surplus	4,029	3,782
Retained earnings	154,866	135,554
Accumulated other comprehensive income	20,254	9,173
<b>Total shareholders' equity</b>	<b>243,352</b>	<b>208,255</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 376,015</b>	<b>\$ 327,771</b>

# Enghouse Systems Limited

## Consolidated Interim Statements of Operations and Comprehensive Income

(in thousands of Canadian dollars, except per share amounts)

	(Unaudited) Three months ended October 31	(Unaudited) Three months ended October 31	Year ended October 31	
	2015	2014	2015	2014
<b>Revenue</b>				
Software licenses	\$ 23,771	\$ 19,119	\$ 86,311	\$ 71,926
Hosted and maintenance services	36,071	32,221	135,768	115,004
Professional services	15,278	8,859	50,104	26,708
Hardware	1,209	1,857	7,130	6,349
	<b>76,329</b>	<b>62,056</b>	<b>279,313</b>	<b>219,987</b>
<b>Direct costs</b>				
Software licenses	1,383	1,454	6,984	5,480
Services	20,712	16,379	76,707	55,543
Hardware	1,007	1,346	5,013	4,281
	<b>23,102</b>	<b>19,179</b>	<b>88,704</b>	<b>65,304</b>
<b>Revenue, net of direct costs</b>	<b>53,227</b>	<b>42,877</b>	<b>190,609</b>	<b>154,683</b>
<b>Operating expenses</b>				
Selling, general and administrative	21,509	16,573	77,628	60,965
Research and development	10,656	10,707	41,041	37,723
Depreciation of property, plant and equipment	767	643	2,688	2,315
Special charges	328	360	1,989	1,616
	<b>33,260</b>	<b>28,283</b>	<b>123,346</b>	<b>102,619</b>
<b>Results from operating activities</b>	<b>19,967</b>	<b>14,594</b>	<b>67,263</b>	<b>52,064</b>
Amortization of acquired software and customer relationships	(6,086)	(5,195)	(22,869)	(17,609)
Litigation settlements	-	-	(8,774)	-
Finance income	40	106	251	492
Finance expenses	13	(178)	(480)	(410)
Other income	26	44	112	87
	<b>13,960</b>	<b>9,371</b>	<b>35,503</b>	<b>34,624</b>
<b>Income before income taxes</b>	<b>13,960</b>	<b>9,371</b>	<b>35,503</b>	<b>34,624</b>
Provision for income taxes				
Current income tax expense	6,506	2,844	8,275	6,110
Deferred income tax recovery	(5,775)	(3,212)	(4,202)	(1,170)
	731	(368)	4,073	4,940
<b>Net income for the period</b>	<b>\$ 13,229</b>	<b>\$ 9,739</b>	<b>\$ 31,430</b>	<b>\$ 29,684</b>
<u>Items that are or may be reclassified subsequently to profit or loss:</u>				
Foreign currency translation differences from foreign operations	(779)	(1,925)	10,863	4,220
Transfer to net income of realized gains on available for sale investments	-	(18)	(74)	(74)
Unrealized gain (loss) on available for sale investments	(17)	(84)	325	(147)
Deferred income tax (expense) recovery	3	20	(33)	35
<b>Other comprehensive (loss) income</b>	<b>(793)</b>	<b>(2,007)</b>	<b>11,081</b>	<b>4,034</b>
<b>Comprehensive income</b>	<b>\$ 12,436</b>	<b>\$ 7,732</b>	<b>\$ 42,511</b>	<b>\$ 33,718</b>
<b>Earnings per share</b>				
Basic	<b>\$ 0.50</b>	<b>\$ 0.37</b>	<b>\$ 1.20</b>	<b>\$ 1.14</b>
Diluted	<b>\$ 0.49</b>	<b>\$ 0.36</b>	<b>\$ 1.17</b>	<b>\$ 1.11</b>

# Enghouse Systems Limited

## Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

	Share Capital -number	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Retained earnings \$	Total \$
<b>Balance – November 1, 2014</b>	<b>26,163,962</b>	<b>59,746</b>	<b>3,782</b>	<b>9,173</b>	<b>135,554</b>	<b>208,255</b>
Net income	-	-	-	-	31,430	31,430
Other Comprehensive Income (net of tax):						
Cumulative Translation Adjustment	-	-	-	10,863	-	10,863
Transfer to net income of realized gains on available-for-sale investments	-	-	-	(74)	-	(74)
Unrealized gain on available-for-sale investments	-	-	-	325	-	325
Deferred income tax expense	-	-	-	(33)	-	(33)
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,081</b>	<b>31,430</b>	<b>42,511</b>
Employee share options:						
Value of services recognized	-	-	1,187	-	-	1,187
Proceeds on issuing shares	423,300	4,457	(940)	-	-	3,517
Dividends	-	-	-	-	(12,118)	(12,118)
<b>Balance – October 31, 2015</b>	<b>26,587,262</b>	<b>64,203</b>	<b>4,029</b>	<b>20,254</b>	<b>154,866</b>	<b>243,352</b>
<b>Balance – November 1, 2013</b>	<b>26,042,962</b>	<b>58,514</b>	<b>3,175</b>	<b>5,139</b>	<b>115,800</b>	<b>182,628</b>
Net income	-	-	-	-	29,684	29,684
Other Comprehensive Income (net of tax):						
Cumulative Translation Adjustment	-	-	-	4,220	-	4,220
Transfer to net income of realized gains on available-for-sale investments	-	-	-	(74)	-	(74)
Unrealized loss on available-for-sale investments	-	-	-	(147)	-	(147)
Deferred income tax recovery	-	-	-	35	-	35
<b>Comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,034</b>	<b>29,684</b>	<b>33,718</b>
Employee share options:						
Value of services recognized	-	-	877	-	-	877
Proceeds on issuing shares	121,000	1,232	(270)	-	-	962
Dividends	-	-	-	-	(9,930)	(9,930)
<b>Balance – October 31, 2014</b>	<b>26,163,962</b>	<b>59,746</b>	<b>3,782</b>	<b>9,173</b>	<b>135,554</b>	<b>208,255</b>

# Enghouse Systems Limited

## Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

	(Unaudited)	(Unaudited)		
	Three months ended October 31		Year ended October 31	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Net income	\$ 13,229	\$ 9,739	\$ 31,430	\$ 29,684
<b>Adjustments for:</b>				
Depreciation of property, plant and equipment	767	643	2,688	2,315
Amortization of acquired software and customer relationships	6,086	5,195	22,869	17,609
Stock-based compensation expense	250	201	1,187	877
Income tax expense/(recovery)	731	(368)	4,073	4,940
Finance expenses and other income	(39)	134	368	323
	<b>21,024</b>	<b>15,544</b>	<b>62,615</b>	<b>55,748</b>
Changes in non-cash operating working capital	(8,632)	(7,399)	(6,631)	(2,539)
Income tax paid	(1,091)	(1,251)	(5,495)	(5,568)
<b>Net cash flows from operating activities</b>	<b>11,301</b>	<b>6,894</b>	<b>50,489</b>	<b>47,641</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment, net	(805)	(11)	(2,902)	(1,324)
Purchase of other software	(105)	-	(356)	-
Acquisitions, net of cash acquired of \$5,475 (\$4,361 - 2014)	(2,402)	(22,466)	(27,562)	(40,287)
Purchase consideration for prior period acquisitions	(264)	(1,016)	(2,403)	(4,725)
Net proceeds from sale of short-term investments	5,547	7,138	8,933	8,429
<b>Net cash flows used in investing activities</b>	<b>1,971</b>	<b>(16,355)</b>	<b>(24,290)</b>	<b>(37,907)</b>
<b>Cash flows from financing activities</b>				
Issuance of share capital	2,579	144	3,517	962
Payment of cash dividend	(3,154)	(2,614)	(11,545)	(9,397)
<b>Net cash flows used in financing activities</b>	<b>(575)</b>	<b>(2,470)</b>	<b>(8,028)</b>	<b>(8,435)</b>
Effect of currency translation adjustments on cash and cash equivalents	(30)	(620)	3,180	1,372
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>12,667</b>	<b>(12,551)</b>	<b>21,351</b>	<b>2,671</b>
Cash and cash equivalents- beginning of period	81,464	85,331	72,780	70,109
<b>Cash and cash equivalents - end of period</b>	<b>\$ 94,131</b>	<b>\$ 72,780</b>	<b>\$ 94,131</b>	<b>\$ 72,780</b>

# Enghouse Systems Limited

## Selected Segment Reporting Information

(In thousands of Canadian dollars)

(Unaudited)

	For the three months ended October 31		Year ended October 31	
	2015	2014	2015	2014
<b>Revenue:</b>				
Asset Management Group	\$ 24,795	\$ 19,457	\$ 91,077	\$ 51,094
Interactive Management Group	51,534	42,599	188,236	168,893
<b>Total</b>	<b>\$ 76,329</b>	<b>\$ 62,056</b>	<b>\$ 279,313</b>	<b>\$ 219,987</b>
Asset Management Group:				
- Segment profit before special charges	\$ 6,973	\$ 4,176	\$ 23,153	\$ 11,966
- Special charges	(114)	(205)	(360)	(539)
Asset Management Group profit	<b>6,859</b>	<b>3,971</b>	<b>22,793</b>	<b>11,427</b>
Interactive Management Group:				
- Segment profit before special charges	15,794	12,261	53,391	47,363
- Special charges	(214)	(155)	(1,629)	(1,077)
Interactive Management Group profit	<b>15,580</b>	<b>12,106</b>	<b>51,762</b>	<b>46,286</b>
Corporate expenses	(2,472)	(1,483)	(7,292)	(5,649)
<b>Results from operating activities</b>	<b>\$ 19,967</b>	<b>\$ 14,594</b>	<b>\$ 67,263</b>	<b>\$ 52,064</b>
Amortization of acquired software and customer relationships	(6,086)	(5,195)	(22,869)	(17,609)
Finance income	40	106	251	492
Finance expenses	13	(178)	(480)	(410)
Other income	26	44	112	87
Litigation settlements	-	-	(8,774)	-
<b>Income before income taxes</b>	<b>\$ 13,960</b>	<b>\$ 9,371</b>	<b>\$ 35,503</b>	<b>\$ 34,624</b>

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