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### Enghouse Releases First Quarter Results

FOR IMMEDIATE RELEASE

**Markham, Ontario – March 9, 2016 – Enghouse Systems Limited** (TSX:ESL) today announced its first quarter (unaudited) financial results for the period ended January 31, 2016.

First quarter revenue increased by 18.0% to \$74.4 million, compared to revenue of \$63.0 million in the first quarter of the prior year. Increased revenue in the quarter reflects incremental revenue from acquisitions and the favourable impact of foreign exchange. Income from operating activities was \$17.8 million compared to \$15.6 million in prior year's first quarter, an increase of 14.6%. Net income for the quarter was \$8.5 million or \$0.31 per diluted share compared to \$2.5 million or \$0.09 per diluted share in the prior year's first quarter, which reflected the final settlement of a litigation matter. Adjusted EBITDA for the first quarter was \$19.1 million or \$0.70 per diluted share compared to \$16.2 million or \$0.60 per diluted share last year, an increase of 17.8%.

Operating expenses before special charges related to restructuring of acquired operations were \$32.4 million compared to \$27.6 million in the prior year's first quarter and reflect incremental operating costs related to acquisitions and the negative impact of foreign exchange. Non-cash amortization charges in the quarter were \$6.8 million compared to \$5.4 million in the prior year's first quarter and include amortization charges for acquired software and customer relationships from acquired operations. Operating expenses in the quarter also include \$11.4 million or 15.3% of revenue in research and development related expenses compared to \$9.9 million or 15.7% in prior year's first quarter. The Company's continued investment in research and development was recently recognized with two product awards from industry analysts.

Enghouse closed the quarter with \$80.0 million in cash, cash equivalents and short-term investments, compared to \$98.4 million at October 31, 2015. The cash balance was achieved after payment of \$26.0 million (net of cash acquired) for CTI Group (Holdings) Inc., acquired on December 7, 2015 and cash dividends of \$3.2 million. The Company continues to have no long-term debt.

The Board of Directors also approved a 17% increase in its eligible quarterly dividend to \$0.14 per common share, payable on May 31, 2016 to shareholders of record at the close of business on May 17, 2016. Enghouse has now increased its dividend in each of the past eight years.

On March 4, 2016, Enghouse announced the acquisition of CellVision AS ("CellVision"). CellVision expands the Asset Management Group's footprint in the Nordic region and extends its product offerings aimed at the telecommunications service provider market. Enghouse continues to seek acquisitions that will augment its operations in the networks, transportation and call center markets and further diversify its revenue stream.

A conference call to discuss the results will be held on Thursday March 10, 2016 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	
	January 31, 2016	January 31, 2015
<b>Total Revenue</b>	<b>\$ 74,370</b>	<b>\$ 63,019</b>
<b>Results from operating activities</b>	<b>17,843</b>	<b>15,575</b>
Depreciation of property, plant and equipment	826	592
Special charges	407	24
<b>Adjusted EBITDA</b>	<b>\$ 19,076</b>	<b>\$ 16,191</b>
<b>Adjusted EBITDA margin</b>	<b>25.7%</b>	<b>25.7%</b>
<b>Adjusted EBITDA per diluted share</b>	<b>\$ 0.70</b>	<b>\$ 0.60</b>

# Enghouse Systems Limited

## Condensed Consolidated Interim Statements of Financial Position

(in thousands of Canadian dollars)

(Unaudited)

	January 31, 2016	October 31, 2015
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 74,314	\$ 94,131
Short-term investments	5,694	4,306
Accounts receivable, net	73,674	60,765
Prepaid expenses and other assets	10,387	8,330
	<b>164,069</b>	<b>167,532</b>
<b>Non-current assets:</b>		
Property, plant and equipment	6,247	5,039
Intangible assets	85,608	68,976
Goodwill	143,997	123,868
Deferred income tax assets	9,945	10,600
	<b>164,069</b>	<b>167,532</b>
<b>Total assets</b>	<b>\$ 409,866</b>	<b>\$ 376,015</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 50,985	\$ 51,284
Income taxes payable	2,146	2,680
Dividends payable	3,217	3,190
Provisions	4,398	3,335
Deferred revenue	59,586	48,694
	<b>120,332</b>	<b>109,183</b>
<b>Non-current liabilities:</b>		
Deferred income tax liabilities	25,227	20,022
Deferred revenue	4,223	3,458
	<b>149,782</b>	<b>132,663</b>
<b>Total liabilities</b>	<b>149,782</b>	<b>132,663</b>
<b>Shareholders' Equity</b>		
Share capital	67,286	64,203
Contributed surplus	3,768	4,029
Retained earnings	160,110	154,866
Accumulated other comprehensive income	28,920	20,254
<b>Total shareholders' equity</b>	<b>260,084</b>	<b>243,352</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 409,866</b>	<b>\$ 376,015</b>

# Enghouse Systems Limited

## Condensed Consolidated Interim Statements of Operations and Comprehensive Income

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

(Unaudited)

	Three months ended January 31,	
	2016	2015
<b>Revenue</b>		
Software licenses	\$ 20,770	\$ 19,612
Hosted and maintenance services	37,806	32,259
Professional services	14,435	8,921
Hardware	1,359	2,227
	<u>74,370</u>	<u>63,019</u>
<b>Direct costs</b>		
Software licenses	1,157	1,677
Services	21,790	16,784
Hardware	805	1,333
	<u>23,752</u>	<u>19,794</u>
<b>Revenue, net of direct costs</b>	<b>50,618</b>	<b>43,225</b>
<b>Operating expenses</b>		
Selling, general and administrative	20,141	17,144
Research and development	11,401	9,890
Depreciation of property, plant and equipment	826	592
Special charges	407	24
	<u>32,775</u>	<u>27,650</u>
<b>Results from operating activities</b>	<b>17,843</b>	<b>15,575</b>
Amortization of acquired software and customer relationships	(6,840)	(5,354)
Litigation settlements	-	(8,774)
Finance income	33	113
Finance expenses	(81)	(117)
Other income	33	17
	<u>10,988</u>	<u>1,460</u>
<b>Income before income taxes</b>	<b>10,988</b>	<b>1,460</b>
<b>Provision for (recovery of) income taxes</b>	<u>2,527</u>	<u>(1,079)</u>
<b>Net income for the period</b>	<b>\$ 8,461</b>	<b>\$ 2,539</b>
<u>Items that are or may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation gain from foreign operations	8,799	9,406
Transfer to net income of realized gains on available for sale investments	(14)	-
Unrealized (loss) gain on available for sale investments	(139)	188
Deferred income tax recovery (expense)	20	(25)
	<u>8,666</u>	<u>9,569</u>
<b>Other comprehensive income</b>	<b>8,666</b>	<b>9,569</b>
<b>Comprehensive income</b>	<b>\$ 17,127</b>	<b>\$ 12,108</b>
<b>Earnings per share</b>		
Basic	\$ 0.32	\$ 0.10
Diluted	\$ 0.31	\$ 0.09

# Enghouse Systems Limited

## Consolidated Statements of Changes in Equity

(in thousands of Canadian dollars)

(Unaudited)

	Share Capital -number	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Retained earnings \$	Total \$
<b>Balance – November 1, 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>
Net income	-	-	-	-	8,461	8,461
Other Comprehensive Income (net of tax):						
Cumulative Translation Adjustment	-	-	-	8,799	-	8,799
Transfer to net income of realized gains on available for- sale investments	-	-	-	(14)	-	(14)
Unrealized loss on available-for-sale investments	-	-	-	(139)	-	(139)
Deferred income tax recovery	-	-	-	20	-	20
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,666</b>	<b>8,461</b>	<b>17,127</b>
Employee share options:						
Value of services recognized	-	-	325	-	-	325
Proceeds on issuing shares	224,200	3,083	(586)	-	-	2,497
Dividends	-	-	-	-	(3,217)	(3,217)
<b>Balance – January 31, 2016</b>	<b>26,811,462</b>	<b>67,286</b>	<b>3,768</b>	<b>28,920</b>	<b>160,110</b>	<b>260,084</b>
<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	-	-	-	-	2,539	2,539
Other Comprehensive Income (net of tax):						
Cumulative Translation Adjustment	-	-	-	9,406	-	9,406
Unrealized gain on available-for-sale investments	-	-	-	188	-	188
Deferred income tax expense	-	-	-	(25)	-	(25)
<b>Comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,569</b>	<b>2,539</b>	<b>12,108</b>
Employee share options:						
Value of services recognized	-	-	305	-	-	305
Proceeds on issuing shares	38,500	335	(70)	-	-	265
Dividends	-	-	-	-	(2,620)	(2,620)
<b>Balance – January 31, 2015</b>	<b>26,202,462</b>	<b>60,081</b>	<b>4,017</b>	<b>18,742</b>	<b>135,473</b>	<b>218,313</b>

# Enghouse Systems Limited

## Condensed Consolidated Interim Statements of Cash Flows

(in thousands of Canadian dollars)

(Unaudited)

	Three months ended January 31,	
	2016	2015
<b>Cash flows from operating activities</b>		
Net income for the period	\$ 8,461	\$ 2,539
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	826	592
Amortization of acquired software and customer relationships	6,840	5,354
Stock-based compensation expense	325	305
Provision for (recovery of) income tax	2,527	(1,079)
Finance expenses and other income	48	100
	<b>19,027</b>	<b>7,811</b>
Changes in non-cash operating working capital	(10,623)	11,806
Income tax paid	(1,497)	(1,975)
<b>Net cash flows from operating activities</b>	<b>6,907</b>	<b>17,642</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment, net	(1,318)	(1,062)
Purchase of other software	(134)	-
Acquisitions, net of cash acquired of \$1,723 (2015 \$Nil)	(26,019)	-
Purchase consideration for prior period acquisitions	(690)	(412)
Net purchase of short-term investments	(1,045)	(2,075)
<b>Net cash flows used in investing activities</b>	<b>(29,206)</b>	<b>(3,549)</b>
<b>Cash flows from financing activities</b>		
Issuance of share capital	2,497	265
Payment of cash dividend	(3,190)	(2,616)
<b>Net cash flows used in financing activities</b>	<b>(693)</b>	<b>(2,351)</b>
Effect of currency translation adjustments on cash and cash equivalents	3,175	2,369
<b>Net (decrease) increase in cash and cash equivalents during the period</b>	<b>(19,817)</b>	<b>14,111</b>
Cash and cash equivalents - beginning of period	94,131	72,780
<b>Cash and cash equivalents - end of period</b>	<b>\$ 74,314</b>	<b>\$ 86,891</b>

# Enghouse Systems Limited

## Selected Segment Reporting Information

(In thousands of Canadian dollars)

(Unaudited)

	For the three months ended January 31	
	2016	2015
<b>Revenue:</b>		
Asset Management Group	\$ 25,758	\$ 19,457
Interactive Management Group	48,612	43,752
<b>Total</b>	<b>\$ 74,370</b>	<b>\$ 63,019</b>
Asset Management Group:		
- Segment profit before special charges	\$ 5,889	\$ 5,084
- Special charges	(225)	(24)
Asset Management Group profit	<b>\$ 5,664</b>	<b>\$ 5,060</b>
Interactive Management Group:		
- Segment profit before special charges	\$ 14,741	\$ 12,298
- Special charges	(182)	-
Interactive Management Group profit	<b>\$ 14,559</b>	<b>\$ 12,298</b>
Corporate expenses	(2,380)	(1,783)
<b>Results from operating activities</b>	<b>\$ 17,843</b>	<b>\$ 15,575</b>
Amortization of acquired software and customer relationships	(6,840)	(5,354)
Litigation settlements	-	(8,774)
Finance income	33	113
Finance expenses	(81)	(117)
Other income	33	17
<b>Income before income taxes</b>	<b>\$ 10,988</b>	<b>\$ 1,460</b>

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