



ACTUATE
The **BIRT** Company™

Q2 2014 Earnings Call

Safe Harbor Statement



The statements contained in this presentation that are not purely historical are forward looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These include statements regarding Actuate's expectations, beliefs, hopes, intentions or strategies regarding the future.

All such forward looking statements in this presentation are based upon information available to Actuate as of the date hereof, and Actuate disclaims any obligation to update or revise any such forward looking statements based on changes in expectations or the circumstances or conditions on which such expectations may be based. Actual results could differ materially from Actuate's current expectations.

Factors that could cause or contribute to such differences include, but are not limited to, our transition to a subscription licensing model, the general spending environment for information technology products and services in general and Application Development, Business Intelligence, Business Analytics, Output Management and Customer Communications Management software in particular, quarterly fluctuations in our revenues and other operating results, our ability to expand our international operations, our ability to successfully compete against current and future competitors, the impact of acquisitions on the Company's financial and/or operating condition including the acquisition of legodo ag in January 2014 and Quiterian S.L. in October 2012, the ability to increase revenues through our indirect channels, general economic and geopolitical uncertainties and other risk factors that are discussed in Actuate's Securities and Exchange Commission filings, specifically Actuate's 2013 Annual Report on Form 10-K filed on March 7, 2014 as well as its quarterly reports on Form 10-Q.

Use of Non-GAAP Financial Measures

The non-GAAP financial measures are included in this presentation to provide an additional analytical tool for understanding the Company's financial and operating performance, and to facilitate comparability of financial results between historical financial reporting periods, among other reasons. Non-GAAP financial measures discussed in this presentation were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Quiterian and legodo revenue contracts and by excluding the amortization of purchased technology and other intangible assets related to Actuate's acquisition transactions, restructuring charges, one-time termination costs, one-time professional services fees, stock-based compensation expense, acquisition related expenses, foreign currency exchange gains and losses, an adjustment to the tax provision and other one-time charges. It is management's belief that these items are not indicative of ongoing operations and as a result, non-GAAP financial measures that exclude such items provide additional insight for investors in evaluating the Company's financial and operational performance. However, these non-GAAP financial measures should not be considered in isolation or as a substitute for the Company's GAAP results. Pursuant to the requirements of SEC Regulation G, a detailed reconciliation between the Company's GAAP and non-GAAP financial results is provided in today's press release, as well as in the investor relations section of Actuate's website at www.actuate.com. Investors are advised to carefully review and consider this information strictly as a supplement to the GAAP financial results that are disclosed in the Company's SEC filings.



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Pete Cittadini
President and CEO

- License revenues of \$7.3 million
- Subscription bookings of \$1.6 million
- Non-GAAP maintenance revenues of \$17.2 million
- Non-GAAP EPS of \$0.02

Non-GAAP financial results are calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting and excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, one-time termination costs, one-time professional services fees, acquisition related costs, foreign currency exchange gains and losses, and adjustment to the income tax provision and other one-time charges. All of these income and expense items are included in Actuate's GAAP results. The income tax rate used to compute non-GAAP financial results is 30%.



Second Quarter Transactions



Actuate is a Subscription Business

Increase customer/product acquisition and smooth cyclical revenues

- Subscription license only for opportunities identified after July 1
- Incentive for sales reps to convert perpetual license opportunities identified prior to July 1 to subscription
- All perpetual license offers made prior to July 1 will expire on December 31, 2014
- Existing perpetual license projects will be able to add addition perpetual licenses to existing projects



BIRT iHub F-Type Available Since July 10

Gain Ubiquity for the Complete BIRT Stack



Free for small applications

Workgroup, departmental and pilot projects

Fast and easy to expand capacity

Buy only what you need

Make developers more agile and productive

Deploy BIRT content quickly and efficiently

Make users self-sufficient

Empower them with interactive content

***Over 1,000 Registrations and Downloads in
First 4 Weeks – 10x Greater than
iHub Evaluation Downloads***



BIRT iHub F-Type

Positive Responses from Industry Watchers



“They’re giving developers a chance to leverage [commercial BIRT iHub] capabilities in a way that makes it easy for them to do it. **Availability and ease of access** are overlooked surprisingly often by commercial software organizations.”

Stephen O’Grady, RedMonk

“The move to a **freemium model** for a core product is a bold and brave one for Actuate ... F-Type should certainly help raise the company's profile ... as well as to **stimulate its subscription business....**”

Krishna Roy and Michael Cote, 451 Research

“The combination of an **open-source community**—developed around a popular technology—and a **freemium pricing** strategy for a commercial service are a particularly **powerful combination.**”

Helena Schwenk, MWD Associates



Solid Foundation for the Next Chapter for Actuate

- Over 1,000 BIRT iHub F-Type downloads in 4 weeks
 - Approximately 60% are new name registrations
 - Already identified number of opportunities and POCs
- Steady increase in subscription business even before formal transition
- Exciting new products
 - Accessibility Appliance, BIRT Analytics 4.4, BIRT PowerDocs
- Diversification of industries
 - Financial Services, OEMs, Government, Telco, Travel, Manufacturing, Energy & Utilities, Healthcare
- Increase in Customer Facing Applications

Over 3.5 million BIRT Developers Worldwide





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Dan Gaudreau
SVP Operations & CFO

Q2'14 vs Q1'14 Non-GAAP Results

\$ Million	Q2'14	% Rev	Q1'14	% Rev	%Seq
License Revenues	\$7.3	27%	\$6.2	26%	18%
Maintenance Revenues	17.2	65%	16.6	68%	4%
Professional Services Revenues	<u>2.2</u>	<u>8%</u>	<u>1.5</u>	<u>6%</u>	<u>47%</u>
Total Revenues	26.7	100%	24.3	100%	10%
Diluted EPS	\$0.02		\$(0.01)		

- 1H14 License revenues include ~ \$2.1M of subscription revenue
 - Subscription/SAAS bookings up 23% sequentially
 - Closed 25 subscription transactions Q2 (\$1.6M) vs 17 in Q1 (\$1.3M)
 - Avg. Annual Subscription Revenue of ~\$70K
 - Notable customers 1H14: EEOC, U.S. Patent Office, Dell, AT&T, Nat'l Health Service (England), Lincoln National Life Insurance
- Maintenance Revs up 4% Q2 vs Q1
- Increased Professional Services revenues from legodo acquisition
- ~ 70% of quarterly revenues is recurring

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1H'14 Product Line Non-GAAP Revenue Split

\$ Millions	iServer	iHub	Total
<u>License</u>			
Q2'14	\$1.8	\$5.5	\$7.3
Q1'14	\$2.2	\$4.0	\$6.2
%Seq	(18)%	38%	18%
<u>Services</u>			
Q2'14	\$8.8	\$10.6	\$19.4
Q1'14	\$8.4	\$9.7	\$18.1
%Seq	5%	9%	7%
<u>Total</u>			
Q2'14	\$10.6	\$16.1	\$26.7
Q1'14	\$10.6	\$13.7	\$24.3
%Seq	0%	18%	10%

Geographic Non-GAAP Revenue Split

\$ Millions		North America	International	Total
<u>License</u>				
	Q2'14	\$5.3	\$2.0	\$7.3
	Q1'14	\$4.2	\$2.0	\$6.2
	%Seq	26%	0%	18%
<u>Services</u>				
	Q2'14	\$14.5	\$4.9	\$19.4
	Q1'14	\$13.2	\$4.9	\$18.1
	%Seq	10%	0%	7%
<u>Total</u>				
	Q2'14	\$19.8	\$6.9	\$26.7
	Q1'14	\$17.4	\$6.9	\$24.3
	%Seq	14%	0%	10%

Balance Sheet/Cash Flow/Employees

- **Cash of \$59M at 6/30/14, down \$5M from 3/31/14**
 - **\$ (2)M cash flow from operations**
 - **\$ (3)M share repurchases**
- **CFFO forecasted to be positive for 2014**
- **56 DSO end of 2Q14 vs. 78 on 12/31/13 and 66 last quarter**
- **Def. Rev. of \$39.3M at 6/30/14, down \$6.2M from 3/31/14**
 - **Timing of maintenance billings**
 - **Higher 2Q14 revenues**
- **518 Employees at the end of Q2 vs 624 2Q13**



Comments Regarding 2014

- **2H14 acceleration of subscription licensing**
 - **Pipeline trending very positive**
- **Majority of license revenue will still be perpetual**
- **No change to 2014 guidance**
 - **Total non-GAAP revenue of \$100M - \$105M**
 - **Non-GAAP profitability, cash flow positive**
- **Continued legacy business declines**

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Q & *A*



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