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# Q4'10 and FY2010 Earnings Call

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# 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, the general spending environment for information technology products and services in general and Business Intelligence, Performance Management, Rich Internet Application and Print Stream Transformation 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, 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 2009 Annual Report on Form 10-K filed on March 10, 2010 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 Xenos Group Inc. revenue contracts and by excluding the amortization of purchased technology and other intangible assets related to Actuate's acquisition transactions, restructuring charges, stock-based compensation expense, one-time professional services fees, expenses related to idle facilities, acquisition related expenses, other employee termination costs and an adjustment to the tax provision. 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](http://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*

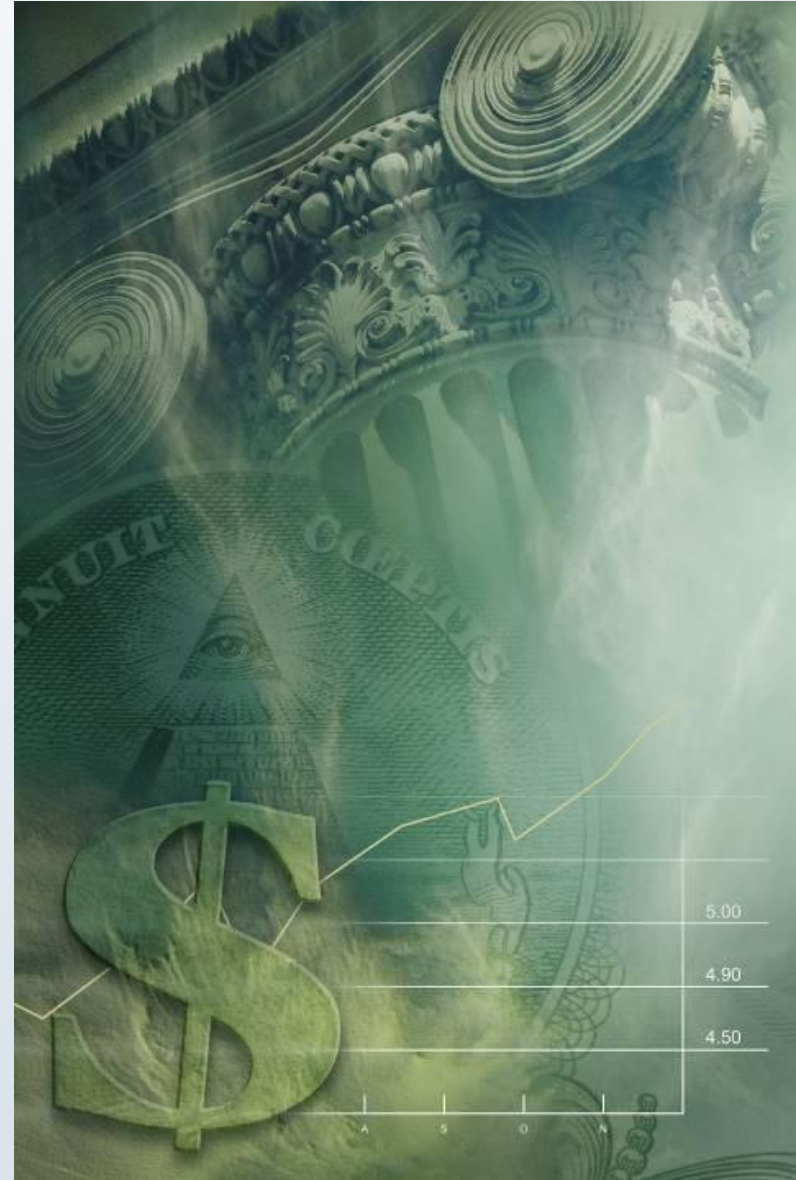
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# Fourth Quarter FY2010 Summary

## **Q4 FY2010**

- **Non-GAAP revenue of \$32.7 million**
- **License revenue of \$11.8 million**
- **Non-GAAP diluted EPS of \$0.11**
- **\$3.1 million cash flow from operations**

Fourth quarter 2010 non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and by excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges and an adjustment to the income tax provision. All of these income and expense items are included in Actuate's GAAP results. The income tax rate used to compute 2010 non-GAAP financial results was 20%.





## **FY2010**

- **Non-GAAP revenue of \$134.7 million**
- **License revenue of \$49.2 million**
- **Record non-GAAP diluted EPS of \$0.45**
- **\$22.1 million cash flow from operations**

Fiscal Year 2010 non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and by excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, acquisition related costs and an adjustment to the income tax provision. All of these income and expense items are included in Actuate's GAAP results. The income tax rate used to compute 2010 non-GAAP financial results was 20%.



# Fourth Quarter Transactions



JPMORGAN CHASE & Co.



**FARMERS**

GE Healthcare



aeefe



Financial Services about 40% of Q4 and 55% of FY10 business

Outside-the-Firewall projects over 50% of Q4 and over 45% of FY10 business

Outstanding OEM production in Q4 and FY10

# Record BIRT Business in Q4

## ***BIRT-related business of over \$7.3 million in Q4FY10***

- Up 12% from Q4FY09
- Up 43% from Q3FY10
- Over 145 transactions

## ***BIRT-related license business***

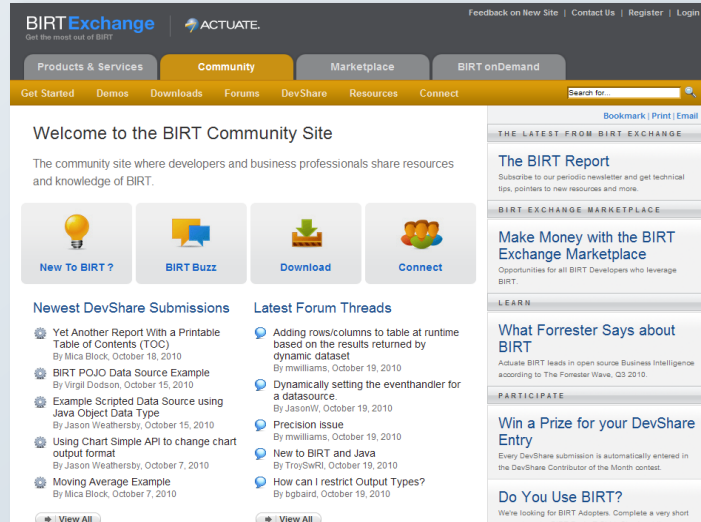
- Up 12% from Q4FY09
- Up 63% from Q3FY10

## ***Record contribution from Open Source BIRT users***

- Up over 100% from Q4FY09
- Up over 80% from Q3FY10



The screenshot shows the BIRT onDemand website. The header includes the BIRTExchange and ACTUATE logos, along with navigation links for Products & Services, BIRT Community, Marketplace, and BIRT onDemand. The main content area features a "Welcome to BIRT onDemand" message, a "Free Trial - Sign Up Now" button, and a list of features under the heading "What can BIRT onDemand do?". The right sidebar contains a login form, upcoming events, and featured BIRT applications.



The screenshot shows the BIRT Community Site. The header includes the BIRTExchange and ACTUATE logos, along with navigation links for Products & Services, Community, Marketplace, and BIRT onDemand. The main content area features a "Welcome to the BIRT Community Site" message, a search bar, and a list of "Newest DevShare Submissions" and "Latest Forum Threads". The right sidebar contains a "The BIRT Report" section, a "BIRT Exchange Marketplace" section, and a "Learn" section.

# Record BIRT Business in FY2010

- BIRT-related business of over \$21.2 million in FY10, up 16% from FY09
- BIRT-related license business up 33% from FY09
- Over 580 transactions in FY10 and almost 1,500 in three years
- Contribution from Open Source BIRT users up over 220% from FY09
- Over 33,300 total BIRT community registrations



**10 MILLION +  
DOWNLOADS**

***BIRT***

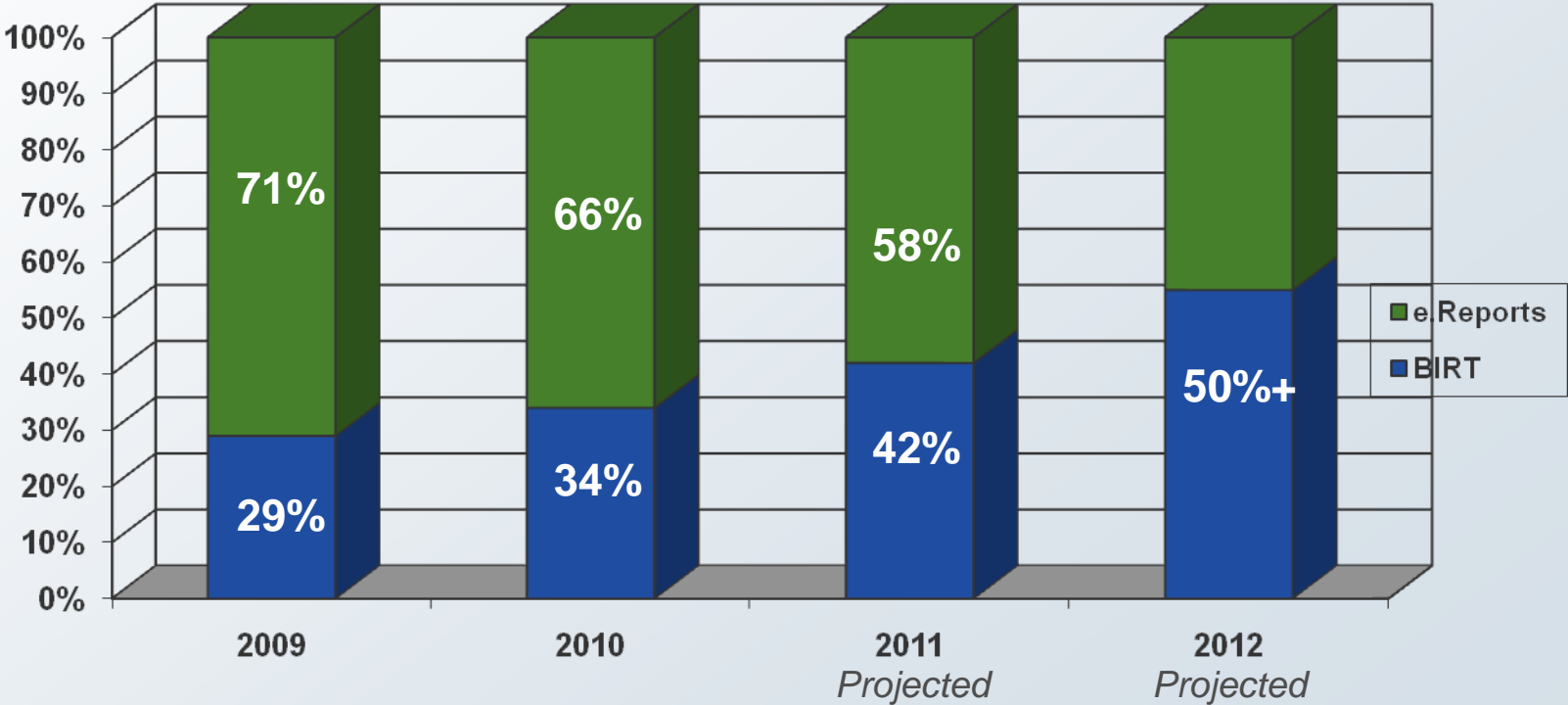
**Over 1 MILLION  
DEVELOPERS**



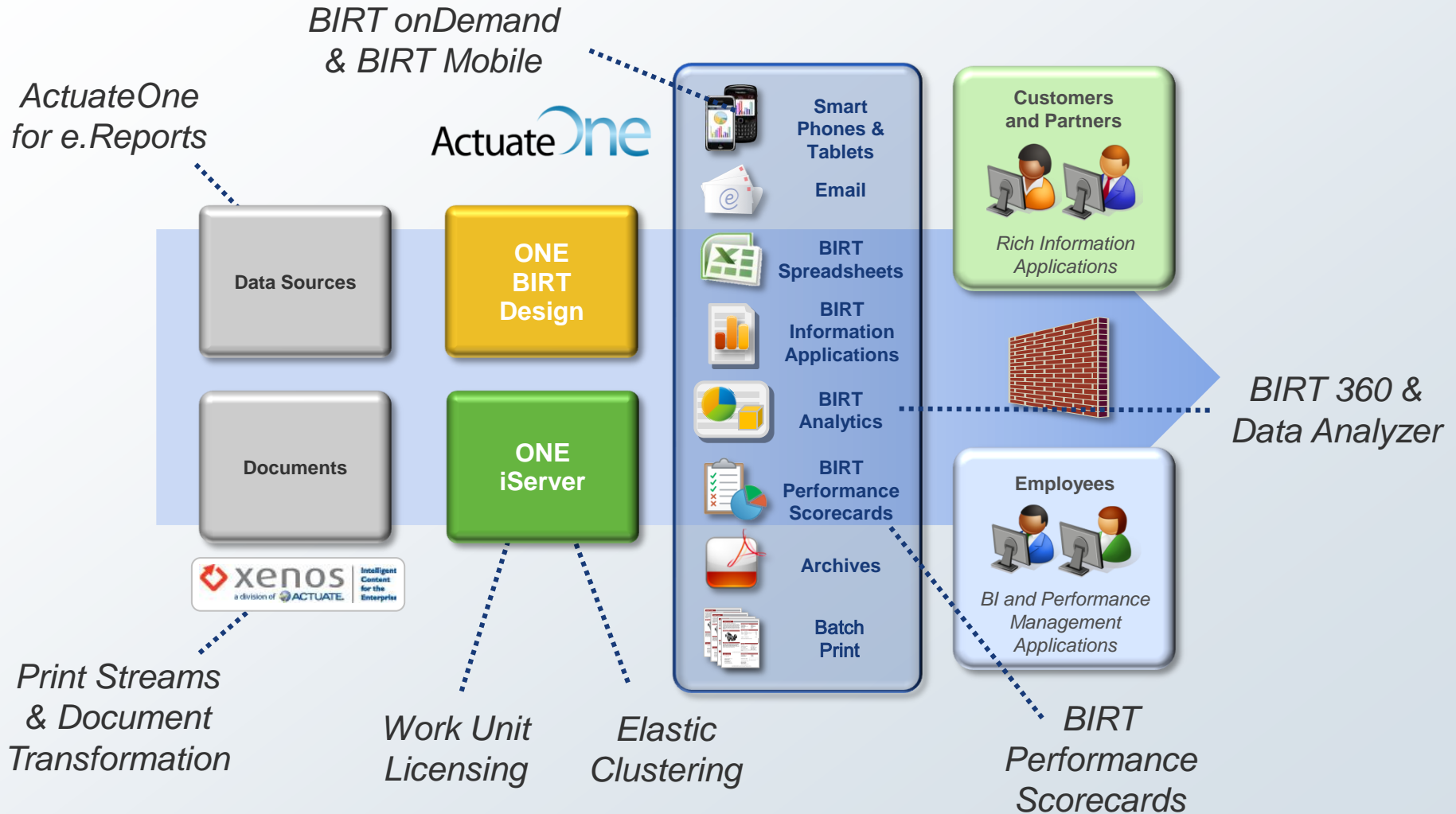
# BIRT Growing to be Core Actuate Business

BIRT should account for the majority of Actuate's core new license business by 2012

*Actuate Core New License Business*



# ActuateOne Will Drive BIRT Business Growth in 2011 and Beyond



# Looking into 2011

- *Pipelines up double digits from a year ago with BIRT opportunities being the lion share*
- *Customers excited about ActuateOne and BIRT*
- *ActuateOne for e.Reports enables customers to leverage investment with Actuate*
- *Expect very good BIRT license business growth in 2011*
- *Continued operating margin growth in 2011*



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# Dan Gaudreau

## *SVP Operations & CFO*

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# 4Q10 Non-GAAP P&L

<b>(\$ Millions)</b>	<b><u>4Q'09</u></b>	<b><u>% rev.</u></b>	<b><u>4Q'10</u></b>	<b><u>% rev.</u></b>	<b><u>V%</u></b>
<b>License Revs</b>	<b>\$10.2</b>	<b>33%</b>	<b>\$11.8</b>	<b>36%</b>	<b>15%</b>
<b>Maint/Supp Revs</b>	<b>19.6</b>	<b>63</b>	<b>18.9</b>	<b>58</b>	<b>(3)</b>
<b>Services Revs</b>	<b><u>1.4</u></b>	<b><u>4</u></b>	<b><u>2.0</u></b>	<b><u>6</u></b>	<b><u>43</u></b>
<b>Total Revenue</b>	<b>31.2</b>	<b>100</b>	<b>32.7</b>	<b>100</b>	<b>5</b>
<b>Oper. Expense</b>	<b>23.4</b>	<b>75%</b>	<b>24.8</b>	<b>76%</b>	<b>6%</b>
<b>Operating Income</b>	<b>7.8</b>		<b>7.9</b>		<b>2%</b>
<b>Oper. Margin</b>	<b>24.9%</b>		<b>24.1%</b>		
<b>Diluted EPS</b>	<b>\$0.12</b>		<b>\$0.11</b>		<b>(8%)</b>

Non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, acquisition related costs and an adjustment to the income tax provision. All of these income and expense items are included in Actuate's GAAP results. The income tax rate used to compute 2010 non-GAAP financial results was 20%.

# FY10 Non-GAAP P&L

<b>(\$ Millions)</b>	<b><u>FY'09</u></b>	<b><u>% rev.</u></b>	<b><u>FY'10</u></b>	<b><u>% rev.</u></b>	<b><u>V%</u></b>
<b>License Revs</b>	<b>\$36.1</b>	<b>30%</b>	<b>\$49.2</b>	<b>36%</b>	<b>36%</b>
<b>Maint/Supp Revs</b>	<b>76.5</b>	<b>64</b>	<b>77.8</b>	<b>58</b>	<b>2</b>
<b>Services Revs</b>	<b><u>6.7</u></b>	<b><u>6</u></b>	<b><u>7.7</u></b>	<b><u>6</u></b>	<b><u>15</u></b>
<b>Total Revenue</b>	<b>119.3</b>	<b>100</b>	<b>134.7</b>	<b>100</b>	<b>13</b>
<b>Oper. Expense</b>	<b>93.7</b>	<b>79%</b>	<b>103.6</b>	<b>77%</b>	<b>10%</b>
<b>Operating Income</b>	<b>25.6</b>		<b>31.1</b>		<b>21%</b>
<b>Oper. Margin</b>	<b>21.5%</b>		<b>23.1%</b>		
<b>Diluted EPS</b>	<b>\$0.40</b>		<b>\$0.45</b>		<b>13%</b>

Non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, acquisition related costs and an adjustment to the income tax provision. All of these income and expense items are included in Actuate's GAAP results. The income tax rate used to compute 2010 non-GAAP financial results was 20%.

# Y/Y Non-GAAP Revenue by Region

		<u>3 MOS. ENDED</u>			<u>12 MOS. ENDED</u>		
(\$ millions)		<u>12/31/09</u>	<u>12/31/10</u>	<u>V%</u>	<u>12/31/09</u>	<u>12/31/10</u>	<u>V%</u>
<b><u>N. AMERICA</u></b>							
	LICENSE REVS	6.8	7.4	8%	27.9	39.7	42%
	MAINT/SUPP REVS	15.4	14.6	(5)%	60.0	60.8	1%
	SERVICES REVS	<u>0.8</u>	<u>1.3</u>	74%	<u>3.9</u>	<u>5.3</u>	36%
	TOTAL	23.0	23.3	1%	91.8	105.8	15%
<b><u>INTERNATIONAL</u></b>							
	LICENSE REVS	3.4	4.4	29%	8.2	9.5	16%
	MAINT/SUPP REVS	4.2	4.3	3%	16.5	17.0	3%
	SERVICES REVS	<u>0.6</u>	<u>0.7</u>	16%	<u>2.8</u>	<u>2.4</u>	(15)%
	TOTAL	8.2	9.4	15%	27.5	28.9	5%

2010 non-GAAP revenues were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts.

## Revenue Related

- BIRT-related license business year-over-year growth of 12% for the quarter and 33% for the fiscal year
- Booked over 145 BIRT-related license transactions in Q4
- Orders over \$100,000 with 75 customers, up from 57 in Q3'10
- Three transactions with license component > \$1 million

## Income Related

- Record FY non-GAAP EPS of \$0.45, up 13% year-over-year
- Record FY non-GAAP operating margin of 23.1%

2010 non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and by excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, acquisition related costs and an adjustment to the income tax provision. The income tax rate used to compute 2010 non-GAAP financial results was 20%.



# Balance Sheet

<b>(\$ Millions)</b>	<b><u>12/31/09</u></b>	<b><u>9/30/10</u></b>	<b><u>12/31/10</u></b>
<b>Cash &amp; Investments</b>	<b>\$75.5</b>	<b>\$73.5</b>	<b>\$79.3</b>
<b>Accounts Receivable</b>	<b>33.2</b>	<b>20.6</b>	<b>28.6</b>
<b>Goodwill &amp; Purch Intang</b>	<b>37.0</b>	<b>62.7</b>	<b>61.9</b>
<b>Other Assets</b>	<b><u>24.1</u></b>	<b><u>24.7</u></b>	<b><u>25.8</u></b>
<b>Total Assets</b>	<b><u>\$169.8</u></b>	<b><u>\$181.5</u></b>	<b><u>\$195.6</u></b>
<b>Accrued Liabilities</b>	<b>\$17.5</b>	<b>\$15.5</b>	<b>\$17.1</b>
<b>Debt</b>	<b>30.0</b>	<b>40.0</b>	<b>40.0</b>
<b>Deferred Revenue</b>	<b>46.3</b>	<b>40.3</b>	<b>45.9</b>
<b>Equity</b>	<b><u>76.0</u></b>	<b><u>85.7</u></b>	<b><u>92.6</u></b>
<b>Total Liab/Equity</b>	<b><u>\$169.8</u></b>	<b><u>\$181.5</u></b>	<b><u>\$195.6</u></b>

- ***DSO at 81 days, down 17 days vs. 12/31/2009 based on non-GAAP revenue***
- ***\$22.1 million cash flow from operations in FY10, up 24% year-over-year***
- ***573 employees as of 12/31/10, down 1 from Q3'10***
- ***Ended 2010 with 46 sales reps***

2010 non-GAAP revenue was calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts.

- **36% Y-Y growth in license revenue**
- **33% Y-Y growth of BIRT related license business**
- **Continued positive cash flow from operations, up 24% Y-Y**
- **Record Non-GAAP operating margins**
- **Double digit percentage growth of non-GAAP diluted EPS**

2010 non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and by excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, acquisition related costs and an adjustment to the income tax provision. The income tax rate used to compute 2010 non-GAAP financial results was 20%.



# Comments Regarding FY2011

- *Expect continued positive growth and increased mix of BIRT license revenues*
- *New management and a dedicated sales force in our Performance Management Group create a positive revenue driver*
- *Compliance transaction the size of IBM is not forecasted for 2011*
- *Maintenance revenue growth metrics should improve 2H11 due primarily to growth in license revenues*
- *Non-GAAP EPS will continue to grow*
- *Assume impact of FX to be zero*
- *Non-GAAP tax rate at 20%*
- *CFFO will increase due to higher profitability and reduced lease payments*

2010 non-GAAP financial results were calculated by adding back the revenue that could not be recognized due to the impact of purchase accounting on the acquired Xenos revenue contracts and by excluding amortization of purchased technology and other intangibles related to Actuate's acquisition transactions, stock-based compensation expense, restructuring charges, acquisition related costs and an adjustment to the income tax provision. The income tax rate used to compute 2010 non-GAAP financial results was 20%.





# Upcoming Conferences



## **Roth Capital Partners**

23<sup>rd</sup> Annual OC Growth Stock Conference  
March 14-16

*Ritz Carlton Laguna Niguel*

## **B. Riley & Co.**

12<sup>th</sup> Annual Investor Conference  
May 23-25

*Lowe's Santa Monica Beach Hotel*



*Q* & *A*

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## Q4'10 and FY2010 Earnings Call

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