

Trading update for the three months ended 31 December 2015

The Sage Group plc (the Group) is today issuing its trading update for the three months ended 31 December 2015.

Financial performance

Group organic revenue increased by 6.6% for the first three months of the year.

Organic recurring revenue grew by 10.4%, driven by software subscription revenue which grew by 35.7% for the quarter.

Organic software and software related services (SSRS) revenue declined by 5.3% as a reflection of the planned transition to subscription relationships and therefore less upfront revenue from new licences and upgrades.

Organic processing revenue increased by 5.4% and includes for the first time, Sage Payroll Solutions which was acquired at the start of FY15.

The Group's performance was led by good growth in Europe, balanced by a slower performance in the International region: growth in Africa has remained strong but was slower in some other geographies.

Management is confident that the business remains on course for FY16 full year guidance: delivering at least 6% organic revenue growth and 27% operating margin, weighting investment for growth towards the first half of the year.

Steve Hare, Chief Financial Officer, commented:

"The performance in the first quarter demonstrates continued momentum and was in line with expectations.

Our business transformation is on track and we are focussed on its execution to realise our long-term plan for sustainable and improved quality growth. Whilst we expect the transition to be non-linear, the first quarter represents good progress."

Financial position

The Group's financial position remains strong and net debt as at 31 December 2015 was £408m (£425m as at 30 September 2015).

Foreign exchange

Exchange rate headwinds have been a feature in the first quarter, reflecting the relative strength of Sterling against the currencies in some operating territories, most notably, the Euro, the South African Rand and the Brazilian Real, partially offset by the relative strength of the US Dollar.



Analyst and investor conference call

Steve Hare, CFO of Sage will be hosting a conference call at 08:30am GMT today which will be webcast from a link on our investor relations website, www.sage.com/investors. The call may also be accessed using the dial-in number +44 (0) 20 3427 1914 and pin code: **4841296**. A replay of the call will also be available for one week after the event: Tel: +44 (0) 20 3427 0598, pin code: **4841296#**

Enquiries

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About Sage

Sage is the market leader for integrated accounting, payroll and payment systems, supporting the ambition of the world's entrepreneurs. Sage began as a small business in the UK 30 years ago and over 13000 colleagues now support millions of entrepreneurs across 23 countries as they power the global economy. We reinvent and simplify business accounting through brilliant technology, working with a thriving community of entrepreneurs, business owners, tradespeople, accountants, partners and developers. And as a FTSE 100 business, we are active in supporting our local communities and invest in making a real difference through the philanthropy of the Sage Foundation.

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For more information, visit www.sage.com

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