

Constellation Software Inc. Announces Results for the Fourth Quarter and Year Ended December 31, 2012 and Declares Quarterly Dividend

TORONTO, ONTARIO (March 6, 2013) -- Constellation Software Inc. (TSX:CSU) (“Constellation” or the “Company”) today announced its financial results for the fourth quarter and fiscal year ended December 31, 2012 and declared a \$1.00 per share dividend payable on April 4, 2013 to all common shareholders of record at the close of business on March 18, 2013. This dividend has been designated as an eligible dividend for the purposes of the Income Tax Act (Canada). Please note that all dollar amounts referred to in this press release are in U.S. Dollars unless otherwise stated.

The following press release should be read in conjunction with the Company’s annual Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards (“IFRS”) and our annual Management’s Discussion and Analysis for the year ended December 31, 2012, which can be found on SEDAR at www.sedar.com and on the Company’s website www.csisoftware.com. Additional information about the Company is also available on SEDAR at www.sedar.com.

2012 Highlights:

- Revenue grew 15% to \$891 million compared to \$773 million in 2011
- Adjusted EBITDA increased \$17 million or 10% to \$186 million as compared to 2011
- Adjusted net income increased \$32 million or 23% to \$172 million (\$8.13 on a fully diluted per share basis) from \$140 million (\$6.63 on a fully diluted per share basis) in 2011
- Thirty-five acquisitions were completed for aggregate cash consideration of \$141 million (which includes acquired cash and acquired bank indebtedness) plus cash holdbacks of \$29 million and estimated value of contingent consideration of \$10 million
- Cash flows from operations increased \$7 million or 5% to \$145 million from \$138 million in 2011
\$35 million in cash proceeds was received and a \$21 million gain was realized relating to the sale of investments

Q4 2012 Highlights:

- Revenue grew 32% to \$261 million compared to \$198 million in Q4 2011. Organic revenue growth was 8% compared to 7% in Q4 2011
- Adjusted EBITDA grew 15% to \$54 million compared to Q4 2011
- Adjusted net income grew 55% to \$62 million compared to Q4 2011
- Thirteen acquisitions were completed in the quarter for aggregate cash consideration of \$62 million (which includes acquired cash and acquired bank indebtedness) plus cash holdbacks of \$8 million and estimated value of contingent consideration of \$2 million

Additional Highlights:

- Subsequent to December 31, 2012, the Company completed six acquisitions for aggregate cash consideration of \$32 million
- For Q1 2013, the Company expects gross revenue to be in the range of \$245 million to \$260 million and expects Adjusted EBITDA margin to be in the range of 14% to 18%

Fourth quarter 2012 revenue was \$261 million, an increase of 32%, or \$63 million, compared to \$198 million for the comparable period in 2011. For fiscal year 2012, total revenue was \$891 million, an increase of 15%, or \$118 million, compared to \$773 million for the 2011 fiscal year. The increase for the quarter ended December 31, 2012 relative to the same period in the prior year is largely attributed to growth from acquisitions as organic growth was 8%. The increase for fiscal year 2012 is mainly attributed to growth from acquisitions as organic growth was 1% compared to fiscal year 2011.

Net income for the quarter ended December 31, 2012 increased \$21 million to \$40 million from \$19 million for the same period in 2011. On a fully diluted per share basis this translated into Net income per share of \$1.89 in the quarter ended December 31, 2012 compared to Net income per share of \$0.92 in the quarter ended December 31, 2011. Net income for the year ended December 31, 2012 was \$93 million compared to \$157 million in fiscal year 2011. For the year ended December 31, 2012, Net income was reduced due to income tax expense of \$18 million compared to income tax recovery of \$75 million in 2011. The income tax recovery for the year ended December 31, 2011 was primarily due to a transfer of certain intangible assets from one subsidiary to another. In the prior year, a deferred tax asset was recorded on the increase in fair market value arising on the sale of intellectual property between entities within the Company at the rate of tax of the entity that acquired the assets notwithstanding that the gains are not otherwise recorded for accounting and financial reporting on consolidation. The deferred income tax recovery recorded through profit or loss represented the amount of these deferred income tax deductions that the Company determined was probable of being utilized for income tax deduction purposes in the future. Excluding the deferred income tax recovery, Net income for the year ended December 31, 2012 increased \$24 million to \$87 million from \$63 million in fiscal year 2011. Net income per share on a fully diluted basis for the year increased to \$4.11 from \$2.99 in fiscal year 2011.

Adjusted EBITDA for the quarter ended December 31, 2012 increased 15% to \$54 million compared to \$47 million for the same period in 2011. On a fully diluted per share basis this translated into Adjusted EBITDA per share of \$2.56 in the quarter ended December 31, 2012 compared to Adjusted EBITDA per share of \$2.24 in the quarter ended December 31, 2011. Adjusted EBITDA for the year ended December 31, 2012 increased \$17 million to \$186 million from \$169 million in fiscal year 2011. Adjusted EBITDA per share on a fully diluted basis for the year increased to \$8.77 from \$7.96 in fiscal year 2011.

Adjusted net income for the quarter ended December 31, 2012 increased 55% to \$62 million compared to \$40 million for the same period in 2011. On a fully diluted per share basis this translated into Adjusted net income per share of \$2.94 in the quarter ended December 31, 2012 compared to Adjusted net income per share of \$1.90 in the quarter ended December 31, 2011. The increase in Adjusted net income for the quarter ended December 31, 2012 is largely due to the gains on sales of available-for-sale financial assets. Adjusted net income for the year ended December 31, 2012 increased \$32 million, or 23%, to \$172 million from \$140 million in fiscal year 2011. Adjusted net income per share on a fully diluted basis for the year increased to \$8.13 from \$6.63 in fiscal year 2011.

Net indebtedness (bank indebtedness less cash) of \$3 million, increased by \$37 million for the year primarily due to acquisitions. For the year ended December 31, 2012, thirty-five acquisitions were completed, and combined with post-acquisition settlement payments resulted in cash outflows of \$139 million. In the prior year, twenty-two acquisitions were completed for net cash consideration, when combined with post-acquisition settlement payments, resulted in cash outflows of \$46 million.

The following table displays our revenue by reportable segment and the percentage change for the three and twelve months ended December 31, 2012 compared to the same periods in 2011:

	Three months ended December 31,		Period-Over-Period Change		Fiscal year ended December 31,		Period-Over-Period Change	
	<u>2012</u>	<u>2011</u>	\$	%	<u>2012</u>	<u>2011</u>	\$	%
	(\$000, except percentages)							
Public Sector								
Licenses	15,541	11,511	4,030	35%	48,851	43,748	5,103	12%
Professional services	47,335	37,081	10,254	28%	154,815	146,281	8,534	6%
Hardware and other	34,348	22,822	11,526	51%	97,800	97,133	667	1%
Maintenance and other recurring	92,230	73,205	19,025	26%	334,525	284,489	50,036	18%
	189,454	144,619	44,835	31%	635,991	571,651	64,340	11%
Private Sector								
Licenses	7,142	5,432	1,710	31%	23,556	19,359	4,197	22%
Professional services	11,259	8,956	2,303	26%	42,335	34,885	7,450	21%
Hardware and other	3,596	2,736	860	31%	13,559	11,583	1,976	17%
Maintenance and other recurring	49,548	36,614	12,934	35%	175,785	135,863	39,922	29%
	71,545	53,738	17,807	33%	255,235	201,690	53,545	27%

Public Sector

For the quarter ended December 31, 2012, total revenue in the public sector reportable segment increased by 31%, or \$44 million to \$189 million, compared to \$145 million for the quarter ended December 31, 2011. For the year ended December 31, 2012, total revenue increased by 11%, or \$64 million to \$636 million, compared to \$572 million in 2011. Revenue growth from acquired businesses contributed approximately \$34 million to our Q4 2012 revenues and \$67 million to our year ended December 31, 2012 revenues compared to the same periods in 2011. We have completed 28 acquisitions since the beginning of 2011, 10 of which were acquired in fiscal year 2011. Organic revenues increased by 7% in Q4 2012 and were unchanged in the year ended December 31, 2012 compared to the same periods in 2011. Excluding PTS, organic revenues increased 7% in Q4 2012 and 1% in the year ended December 31, 2012 respectively, compared to the same periods in 2011.

Constellation acquired the Public Transit Solutions business ("PTS") from Continental Automotive AG ("Continental") on November 2, 2009. Given the substantial amount of non-recurring revenue historically earned by PTS, gross revenue from PTS has fluctuated significantly in the past and will continue to do so in the future.

Private Sector

For the quarter ended December 31, 2012, total revenue in the private sector reportable segment increased 33%, or \$18 million to \$72 million, compared to \$54 million for the quarter ended December 31, 2011. For the year ended December 31, 2012 total revenue increased by 27%, or \$53 million to \$255 million, compared to \$202 million for the comparable period in 2011. Revenue growth from acquired businesses contributed approximately \$14 million to our Q4 2012 revenues and \$42 million to our year ended December 31, 2012 revenues compared to the same periods in 2011. We have completed 29 acquisitions since the beginning of 2011, 12 of which were acquired in fiscal year 2011. Revenues increased organically by 8% in Q4 2012 and by 6% for the year ended December 31, 2012 compared to the same periods in 2011.

Outlook

For Q1 2013, the Company expects gross revenue to be in the range of \$245 million to \$260 million and expects Adjusted EBITDA margin to be in the range of 14% to 18%. These statements are "forward looking statements" and are based on the following assumptions which management believes are reasonable under the current circumstances including (i) Revenue growth will be in the range of 26% to 33% for Q1 2013, which includes the impact of all companies acquired to date; (ii) the European acquisitions that the Company completed during the second half of 2012 and in the first quarter of 2013 will likely have negative Adjusted EBITDA in Q1 2013, and in aggregate, the European (including UK) operations of the Company will generate single digit Adjusted EBITDA margins during the quarter; (iii) North American hiring by the Company during Q1 2013 will be increased to provide additional professional services capacity to address backlog and to staff new investments in growth initiatives; (iv) no material acquisitions will be completed during the remainder of Q1 2013; and (v) general economic and market conditions will remain consistent with those in effect on March 6, 2013. Although management believes these assumptions are reasonable in the current circumstances, they are subject to various risks and uncertainties and there are several factors that could cause actual results to differ materially from those specified above. See "Forward Looking Statements" below and also the Company's Management Discussion and Analysis for the year ended December 31, 2012.

Appointment of New Board Members

The Company also announced today that it has increased the size of its board of directors to eight members and has appointed Mark Miller, Chief Operating Officer of the Company and Chief Executive Officer of the Volaris Operating Group, and Jeff Bender, Chief Executive Officer of the Company's Harris Operating Group, as new directors of the Company.

Conference Call and Webcast

Management will host a conference call at **9:00 a.m. (ET) on Thursday, March 7, 2013** to answer questions regarding the results. The teleconference numbers are 416-340-8061 or 866-225-0198. The call will also be webcast live and archived on Constellation's website at www.csisoftware.com.

A replay of the conference call will be available as of 11:30 a.m. ET the same day until 11:59 p.m. ET on March 21, 2013. To access the replay, please dial 905-694-9451 or 800-408-3053 followed by the passcode 3104756.

Forward Looking Statements

Certain statements herein including those under "Outlook" above, may be "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Constellation or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and Constellation assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Non-IFRS Measures

The term "Adjusted EBITDA" refers to net income before adjusting for finance income, finance costs, income taxes, equity in net income or loss of equity investees, impairment of non-financial assets, depreciation, amortization, and foreign exchange gain or loss. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and amortization and the other items listed above. "Adjusted EBITDA margin" refers to the percentage that Adjusted EBITDA for any period represents as a portion of total revenue for that period.

"Adjusted net income" means net income adjusted for non-cash expenses (income) such as amortization of intangible assets, deferred income taxes, and certain other expenses (income). The Company believes that Adjusted net income is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration amortization of intangible assets, deferred income taxes, and certain other non-cash expenses (income) incurred or recognized by the Company from time to time. "Adjusted net income margin" refers to the percentage that Adjusted net income for any period represents as a portion of total revenue for that period.

Adjusted EBITDA and Adjusted net income are not recognized measures under IFRS and, accordingly, readers are cautioned that Adjusted EBITDA and Adjusted net income should not be construed as alternatives to net income determined in accordance with IFRS. The Company's method of calculating Adjusted EBITDA and Adjusted net income may differ from other issuers and, accordingly, Adjusted EBITDA and Adjusted net income may not be comparable to similar measures presented by other issuers. See "Results of Operations — Adjusted EBITDA" and "— Adjusted net income" for a reconciliation of Adjusted EBITDA and Adjusted net income to net income.

The following table reconciles Adjusted EBITDA to net income:

	Three months ended December 31,		Fiscal year ended December 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(\$000, except percentages)		(\$000, except percentages)	
Total revenue	<u>\$ 260,999</u>	<u>\$ 198,357</u>	<u>\$ 891,226</u>	<u>\$ 773,341</u>
Net income	40,051	19,395	92,632	157,174
Adjusted for:				
Income tax expense (recovery)	6,240	5,085	18,050	(75,203)
Foreign exchange (gain) loss	1,152	364	822	3,392
Equity in net (income) loss of equity investees	(36)	-	839	-
Finance income	(19,649)	(1,100)	(23,178)	(7,267)
Finance costs	1,078	986	4,001	5,575
Impairment of non-financial assets	-	(29)	-	489
Amortization of intangible assets	23,499	20,917	85,142	76,650
Depreciation	2,010	1,829	7,643	7,868
Adjusted EBITDA	54,345	47,447	185,951	168,678
Adjusted EBITDA margin	21%	24%	21%	22%

The following table reconciles Adjusted net income to net income:

	Three months ended December 31,		Fiscal year ended December 31,	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	(\$000, except percentages)		(\$000, except percentages)	
Total revenue	<u>\$ 260,999</u>	<u>\$ 198,357</u>	<u>\$ 891,226</u>	<u>\$ 773,341</u>
Net income	40,051	19,395	92,632	157,174
Adjusted for:				
Amortization of intangible assets	23,499	20,917	85,142	76,650
Impairment of non-financial assets	-	(29)	-	489
Deferred income tax (recovery) expense	(1,299)	(54)	(5,576)	(93,818)
Adjusted net income	62,251	40,229	172,198	140,495
Adjusted net income margin	24%	20%	19%	18%

The following tables provide supplemental statement of operations and cash flow information for PTS:

(Unaudited)	For the three months ended December 31, 2012			For the year ended December 31, 2012		
	Constellation Software Inc. (excluding PTS)	PTS	Consolidated	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Revenue	\$ 225,766	\$ 35,233	\$ 260,999	\$ 760,865	\$ 130,361	\$ 891,226
Adjusted EBITDA	48,750	5,595	54,345	162,383	23,568	185,951
<i>EBITDA as % Total Revenue</i>	22%	16%	21%	21%	18%	21%
Net Income	\$ 35,291	\$ 4,760	\$ 40,051	\$ 73,185	\$ 19,447	\$ 92,632

Cash flows from operating activities:

Net income	\$ 35,291	\$ 4,760	\$ 40,051	\$ 73,185	\$ 19,447	\$ 92,632
Adjustments to reconcile net income to net cash flows from operations, including taxes paid:	11,663	(2,828)	8,835	69,435	114	69,549
Change in non-cash operating working capital	(3,946)	15,903	11,957	(13,263)	(4,127)	(17,390)
Cash flows from operating activities	\$ 43,008	\$ 17,835	\$ 60,843	\$ 129,357	\$ 15,434	\$ 144,791

The following table reconciles Adjusted EBITDA to net income for PTS:

(Unaudited)	For the three months ended December 31, 2012			For the year ended December 31, 2012		
	Constellation Software Inc. (excluding PTS)	PTS	Consolidated	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Total revenue	<u>\$ 225,766</u>	<u>\$ 35,233</u>	<u>\$ 260,999</u>	<u>\$ 760,865</u>	<u>\$ 130,361</u>	<u>\$ 891,226</u>
Net income	35,291	4,760	40,051	73,185	19,447	92,632
Adjusted for:						
Income tax expense	6,516	(276)	6,240	16,151	1,899	18,050
Other expenses (income)	(18,374)	919	(17,455)	(19,052)	1,536	(17,516)
Amortization of intangible assets	23,499	-	23,499	85,142	-	85,142
Depreciation	1,818	192	2,010	6,957	686	7,643
Adjusted EBITDA	48,750	5,595	54,345	162,383	23,568	185,951
Adjusted EBITDA margin	22%	16%	21%	21%	18%	21%

About Constellation Software Inc.

Constellation Software acquires, manages and builds vertical market software businesses that provide mission-critical software solutions.

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SOURCE: CONSTELLATION SOFTWARE INC.

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Financial Position
(In thousands of U.S. dollars)

	December 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash	\$ 41,313	\$ 33,492
Equity securities available-for-sale	470	21,222
Accounts receivable	126,987	96,259
Work in progress	36,926	26,244
Inventories	18,739	13,539
Other assets	29,178	29,772
	<u>253,613</u>	<u>220,528</u>
Non-current assets:		
Property and equipment	21,300	14,591
Deferred income taxes	104,307	99,659
Other assets	31,104	28,005
Intangible assets	402,355	267,792
	<u>559,066</u>	<u>410,047</u>
Total assets	\$ 812,679	\$ 630,575
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness	\$ 44,356	\$ -
Accounts payable and accrued liabilities	147,559	114,952
Dividends payable	20,945	-
Deferred revenue	224,049	181,450
Provisions	6,396	3,555
Acquired contract liabilities	3,535	4,750
Acquisition holdback payments	20,635	11,378
Income taxes payable	5,066	4,751
	<u>472,541</u>	<u>320,836</u>
Non-current liabilities:		
Deferred income taxes	29,283	11,259
Acquired contract liabilities	26,073	28,051
Acquisition holdback payments	5,973	2,474
Other liabilities	20,005	11,675
	<u>81,334</u>	<u>53,459</u>
Total liabilities	553,875	374,295
Shareholders' equity:		
Capital stock	99,283	99,283
Accumulated other comprehensive income	1,621	6,961
Retained earnings	157,900	150,036
	<u>258,804</u>	<u>256,280</u>
Total liabilities and shareholders' equity	\$ 812,679	\$ 630,575

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Comprehensive Income
(In thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2012 and 2011

	2012	2011
Revenue	\$ 891,226	\$ 773,341
Expenses		
Staff	469,677	401,379
Hardware	61,446	60,854
Third party license, maintenance and professional services	61,469	51,066
Occupancy	21,023	18,918
Travel	35,967	30,038
Telecommunications	10,996	9,992
Supplies	15,308	15,314
Professional fees	15,031	8,623
Other, net	14,358	8,479
Depreciation	7,643	7,868
Amortization of intangible assets	85,142	76,650
	798,060	689,181
Impairment of non-financial assets	-	489
Foreign exchange loss	822	3,392
Equity in net loss of equity investees	839	-
Finance income	(23,178)	(7,267)
Finance costs	4,001	5,575
	(17,516)	2,189
Profit before income tax	110,682	81,971
Current income tax expense	23,626	18,615
Deferred income tax recovery	(5,576)	(93,818)
Income tax expense (recovery)	18,050	(75,203)
Net income	92,632	157,174
Net change in fair value of available-for-sale financial assets during the period	13,968	5,773
Net unrealized foreign exchange gain (loss) on available-for-sale financial assets during the period	45	(31)
Amounts reclassified to profit during the period related to realized gains on available-for-sale financial assets	(21,735)	(6,253)
Foreign currency translation differences from foreign operations	1,164	(1,188)
Current income tax recovery (expense)	104	(34)
Deferred income tax recovery	1,114	172
Other comprehensive loss for the period, net of income tax	(5,340)	(1,561)
Total comprehensive income for the period	\$ 87,292	\$ 155,613
Earnings per share Basic and diluted	\$ 4.37	\$ 7.42

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Changes in Equity
(In thousands of U.S. dollars)

Year ended December 31, 2012

	Capital stock	Accumulated other comprehensive income/(loss)		Total accumulated other comprehensive income/(loss)	Retained earnings	Total
		Cumulative translation account	Amounts related to gains/losses on available- for-sale financial assets			
Balance at January 1, 2012	\$ 99,283	\$ 182	\$ 6,779	\$ 6,961	\$ 150,036	\$ 256,280
<i>Total comprehensive income for the period</i>						
Net income	-	-	-	-	92,632	92,632
<i>Other comprehensive income (loss)</i>						
Net change in fair value of available-for-sale financial assets during the period	-	-	13,968	13,968	-	13,968
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period	-	-	45	45	-	45
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments	-	-	(21,735)	(21,735)	-	(21,735)
Foreign currency translation differences from from foreign operations	-	1,164	-	1,164	-	1,164
Current tax recovery	-	104	-	104	-	104
Deferred tax recovery	-	-	1,114	1,114	-	1,114
Total other comprehensive income (loss) for the period	-	1,268	(6,608)	(5,340)	-	(5,340)
Total comprehensive income (loss) for the period	-	1,268	(6,608)	(5,340)	92,632	87,292
Transactions with owners, recorded directly in equity						
Dividends to shareholders of the Company	-	-	-	-	(84,768)	(84,768)
Balance at December 31, 2012	\$ 99,283	\$ 1,450	\$ 171	\$ 1,621	\$ 157,900	\$ 258,804

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Changes in Equity
(In thousands of U.S. dollars)

Year ended December 31, 2011

	Capital stock	Accumulated other comprehensive income/(loss)		Total accumulated other comprehensive income/(loss)	Retained earnings	Total
		Cumulative translation account	Amounts related to gains/losses on available- for-sale financial assets			
Balance at January 1, 2011	\$ 99,283	\$ 1,379	\$ 7,143	\$ 8,522	\$ 35,246	\$ 143,051
<i>Total comprehensive income for the period</i>						
Net income	-	-	-	-	157,174	157,174
<i>Other comprehensive income (loss)</i>						
Net change in fair value of available-for-sale financial assets during the period	-	-	5,773	5,773	-	5,773
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period	-	-	(31)	(31)	-	(31)
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments	-	-	(6,253)	(6,253)	-	(6,253)
Foreign currency translation differences from from foreign operations	-	(1,188)	-	(1,188)	-	(1,188)
Current tax expense	-	(34)	-	(34)	-	(34)
Deferred tax recovery	-	25	147	172	-	172
Total other comprehensive loss for the period	-	(1,197)	(364)	(1,561)	-	(1,561)
Total comprehensive income (loss) for the period	-	(1,197)	(364)	(1,561)	157,174	155,613
Transactions with owners, recorded directly in equity						
Dividends to shareholders of the Company	-	-	-	-	(42,384)	(42,384)
Balance at December 31, 2011	\$ 99,283	\$ 182	\$ 6,779	\$ 6,961	\$ 150,036	\$ 256,280

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Cash Flows

(In thousands of U.S. dollars)

Years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Net income	\$ 92,632	\$ 157,174
Adjustments for:		
Depreciation	7,643	7,868
Amortization of intangible assets	85,142	76,650
Impairment of non-financial assets	-	489
Equity in net loss of equity investees	839	-
Finance income	(23,178)	(7,267)
Finance costs	4,001	5,575
Income tax expense (recovery)	18,050	(75,203)
Foreign exchange loss	822	3,392
Change in non-cash operating working capital exclusive of effects of business combinations	(17,390)	(15,896)
Income taxes paid	(23,770)	(15,249)
Net cash flows from operating activities	144,791	137,533
Cash flows from (used in) financing activities:		
Interest paid	(1,761)	(4,979)
Increase (decrease) in other non current liabilities	(973)	3,720
Increase (decrease) in bank indebtedness, net	41,052	(47,877)
Credit facility transaction costs	(2,077)	-
Dividends paid	(63,576)	(42,384)
Net cash flows used in financing activities	(27,335)	(91,520)
Cash flows from (used in) investing activities:		
Acquisition of businesses, net of cash acquired	(121,154)	(40,511)
Post-acquisition settlement payments, net of receipts	(17,445)	(5,345)
Purchases of equity securities available-for-sale	(211)	(5,944)
Proceeds from sale of equity securities available-for-sale	34,977	14,268
Proceeds from sale of intangible assets	101	-
Decrease in restricted cash	-	557
Interest received	5	1,113
Property and equipment purchased	(6,100)	(7,350)
Cash flows used in investing activities	(109,827)	(43,212)
Effect of foreign currency on cash and cash equivalents	192	(220)
Increase in cash and cash equivalents	7,821	2,581
Cash, beginning of period	33,492	30,911
Cash, end of period	\$ 41,313	\$ 33,492