Constellation Software Inc. Announces Results for the Fourth Quarter and Year Ended December 31, 2007 and Declares Annual Dividend

TORONTO, ONTARIO (March 5, 2008) -- Constellation Software Inc. **(TSX:CSU)** ("Constellation" or the "Company") today announced its financial results for the fourth quarter and fiscal year ended December 31, 2007, and declared a $0.18 per share dividend payable on March 31, 2007 to all common shareholders and class A non-voting shareholders of record at close of business on March 19, 2007. Please note that all dollar amounts referred to in this press release are U.S. Dollars unless otherwise stated.

The following press release should be read in conjunction with the Company's audited annual Consolidated Financial Statements, prepared in accordance with Canadian GAAP and our annual MD&A for the year ended December 31, 2007 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.

2007 Highlights:

- Revenue grew 15% compared to 2006
- Adjusted EBITDA increased $10.3 million or 33% as compared to 2006
- Adjusted Net Income increased by 29% to $33.5 million ($1.58 on a per share basis) from $26.0 million ($1.23 on a per share basis) in 2006
- Declared a dividend of $0.18 per share, a 20% increase over 2006
- $52 million in cash was deployed on fifteen acquisitions

Q4 2007 Highlights:

- Revenue grew 23% compared to Q4 2006. Organic revenue growth over the same period was 4%
- $30 million in cash was deployed on seven acquisitions in Q4
- Adjusted EBITDA increased $2.1 million or 26% as compared to Q4 2006
- Adjusted Net Income in Q4 2007 increased slightly to $9.1 million ($0.43 on a per share basis) from $9.0 million in Q4 2006
- Existing credit facility replaced with new $50 million facility

Fourth quarter revenue was $66.1 million, an increase of 23%, or $12.6 million, compared to $53.5 million for the comparable period in 2006. For the 2007 fiscal year, total revenues were $243 million, an increase of 15% over 2006. The increases for both the fourth quarter and the full year compared to the same periods in the prior year, were largely attributable to growth from acquisitions, as organic growth from our existing business was estimated at approximately 4% for the fourth quarter and 1% for the full year.

Adjusted EBITDA for the fourth quarter was $10.5 million, a 26% increase compared to the prior year's fourth quarter Adjusted EBITDA of $8.4 million. Fourth quarter Adjusted EBITDA per share on a fully diluted basis increased 25% to $0.50, compared to $0.40 for the same period last year. Adjusted EBITDA for the year ended December 31, 2007 was $41.2 million, an increase of 33% over last year's Adjusted EBITDA of $30.8 million for the comparable period. Adjusted EBITDA per share on a fully diluted basis for the twelve month period ending December 31, 2007 increased 33% to $1.94, compared to $1.46 for the same period in 2006.

Adjusted Net Income for the fourth quarter was $9.1 million, compared to the prior year's fourth quarter Adjusted Net Income of $9.0 million, a 1% increase. Fourth quarter Adjusted Net Income per share on a fully diluted basis increased 2% to $0.43 compared to $0.42 for the prior year's fourth quarter. Adjusted Net Income for the twelve month period ended December 31, 2007 was $33.5 million, an increase of 29% over last year's Adjusted Net Income of $26.0 million. Adjusted Net Income per share on a fully diluted basis for the twelve month period ended December 31, 2007 increased 29% to $1.58, compared to $1.23 for the same period in 2006.

Net income for the fourth quarter was $1.6 million compared to the prior year's fourth quarter net income of $3.8 million. On a fully diluted per share basis, this translates into net income per share of $0.08 for the fourth quarter of 2007, compared to $0.18 in the same period of 2006. For the twelve months ended December 31, 2007 net income was $11.1 million or $0.52 per fully diluted share compared to a net loss of $1.2 million or $0.06 per share last year. As previously noted, the reason for the net loss in the twelve months ended 2006 was the $10.1 million charge to net income caused by the appreciation in common shares eligible for redemption ("ACSER"). ACSER was a non-cash expense which occurred during the first quarter of 2006 and will not be repeated now that we have completed our initial public offering.

The following table displays our revenue by reporting segment and the percentage change for the three and twelve months ended December 31, 2007 compared to the same periods in 2006:

	Three months ended Dec. 31,		Period-Over-Period Change		Fiscal year ended Dec. 31,		Period-Over-Period Change	
	2007	2006	$	%	2007	2006	$	%
	($000, except percentages)				($000, except percentages)			
Public Sector								
Licenses	5,122	3,989	1,133	28%	17,705	17,250	455	3%
Professional services and other:								
Services	11,185	8,499	2,686	32%	42,667	36,002	6,665	19%
Hardware and other	3,558	3,336	222	7%	11,508	10,933	575	5%
Maintenance	23,372	17,842	5,530	31%	84,924	64,737	20,187	31%
	43,237	33,666	9,571	28%	156,804	128,922	27,882	22%
Private Sector								
Licenses	2,327	2,645	(318)	-12%	10,161	10,681	(520)	-5%
Professional services and other:								
Services	3,704	3,092	612	20%	14,433	15,365	(932)	-6%
Hardware and other	920	1,116	(196)	-18%	4,059	4,889	(830)	-17%
Maintenance	15,880	13,000	2,880	22%	57,566	50,902	6,664	13%
	22,831	19,853	2,978	15%	86,219	81,837	4,382	5%

Public Sector

For the quarter ended December 31, 2007, total revenue in the public sector segment increased 28%, or $9.6 million, to $43.2 million, compared to $33.7 million for the quarter ended December 31, 2006. For the twelve months ended December 31, 2007 total revenue increased by 22% or $27.9 million, to $157 million, compared to $129 million for the comparable period in 2006. The increases for both the three and twelve month periods were significant in maintenance and professional services revenue. License fees increased by 28% in the fourth quarter and increased by 3% for the full year compared to the comparable periods in 2006. Revenue growth from acquired businesses was significant for both the three and twelve month periods as we completed 19 acquisitions since the beginning of 2006 in our public sector segment. It is estimated that acquisitions contributed approximately $6.6 million to our Q4 2007 revenues and $24.1 million to our revenues in the twelve months ended December 31, 2007. The remaining $3.0 million of revenue growth for Q4 and $3.8 million of revenue growth for the twelve months ended December 31, 2007 in this sector was generated from organic sources. The organic growth was primarily driven by the following:

- **Trapeze operating group** (increase of approximately $1.3 million for Q4 and a decrease $0.1 million for the full year). Trapeze experienced an increase in professional services and maintenance revenues in the quarter primarily due to improvements in their mobile computing and European businesses. For the year, they experienced a decline in licenses and services revenues due to the timings of bookings. This decline was offset in part by a strong increase in maintenance revenues.

- **Harris operating group** (increase of approximately $1.5 million for Q4 and $3.5 million for the full year). Harris had strong sales back to existing clients and sales to new customers as well as a strong increase in maintenance revenues from completed implementations.

- **Emphasys operating group** (increase of approximately $0.1 million for Q4 and $0.7 million for the full year). The Emphasys organic growth primarily results from continued sales back to existing clients and sales to new name customers.

Private Sector

For the quarter ended December 31, 2007, total revenue in the private sector segment increased 15%, or $3.0 million, to $22.8 million, compared to $19.9 million for the quarter ended December 31, 2006. For the twelve months ended December 31, 2007, total revenue increased by 5% or $4.4 million, to $86.2 million, compared to $81.8 million for the comparable period in 2006. Strong growth in maintenance revenue was offset by a decline in both professional services and hardware revenue. Revenue growth from acquired businesses was not as strong as in the public sector as we have only completed six acquisitions since the beginning of 2006 in our private sector segment. It is estimated that acquisitions contributed approximately $3.9 million of revenue growth to our Q4 2007 revenues and $5.9 million of revenue growth to our revenues in the twelve months ended December 31, 2007. Revenues decreased organically by $0.9 million in Q4 2007 and by $1.5 million in the twelve months ended December 31, 2007. The organic revenue decline was driven by the following:

- **Jonas operating group** (increase of approximately $0.4 million for Q4 and $2.1 million for the full year). The Jonas organic growth in 2007 continued to be driven by increasing customer share in the private club vertical through selling add on products, continued international expansion, and through sales to new name customers in the construction vertical.

- **Homebuilder and Friedman operating groups** (decrease of approximately $1.4 million for Q4 and $3.6 million for the full year). Our Homebuilder and Friedman operating groups continued to feel the effects of the housing slowdown in the U.S. The decline was most apparent in licenses and professional services as many of our clients and prospective clients have delayed purchasing decisions.

"We are pleased by the growth in revenue in the quarter, in particular the slight improvement in organic growth", said Mark Leonard, President of Constellation. "Several of our private sector businesses that are related to the housing sector continue to experience declining revenues, which has offset good organic growth in a number of our other verticals. Despite our short-term performance, we continue to believe that we will achieve the minimum 20% revenue growth per share that we targeted in our 2006-2010 objectives."

During the quarter, Constellation completed seven acquisitions for total net cash consideration of approximately $30 million, and paid holdbacks related to prior acquisitions of $0.6 million. At December 31, 2007, cash and cash equivalents position (net of borrowings on our line of credit) decreased to $0.5 million, from $25.8 million at December 31, 2006.

Conference Call and Webcast

Management will host a conference call at **8:30 a.m. (ET)** on **Thursday, March 6, 2007** to answer questions regarding the results. The teleconference numbers are 416-641-6144 or 1-866-862-3931. The call will also be webcast live and archived on Constellation's web site at www.csisoftware.com.

A replay of the conference call will be available as of 11:30 a.m. ET the same day until 12 a.m. ET on March 20, 2008. To access the replay, please dial 416-695-5800 or 1-800-408-3053 followed by the passcode 3252961#.

Forward Looking Statements

Certain statements herein 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. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date hereof. 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 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-GAAP Measures

The term ''Adjusted EBITDA'' refers to net income before deducting interest, taxes, depreciation, amortization, appreciation in common shares eligible for redemption, other expenses and foreign exchange, and before including gain on sale of short-term investments, marketable securities and other assets. Constellation 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 the other items listed above. The term ''Adjusted Net Income'' means net income plus appreciation in common shares eligible for redemption and amortization of intangible assets. 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 appreciation in common shares eligible for redemption (which will no longer be included in net income for periods following the closing of our IPO) and prior to taking into consideration amortization of intangibles as these are non-cash expenses that do not necessarily reflect the economic value of our acquisitions.

Adjusted EBITDA and Adjusted Net Income are not recognized measures under GAAP and, accordingly, shareholders are cautioned that Adjusted EBITDA and Adjusted Net Income should not be construed as alternatives to net income determined in accordance with GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. 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.

The following table reconciles Adjusted EBITDA to net income:

	Three months ended Dec. 31,		Fiscal year ended Dec. 31,	
	2007	2006	2007	2006
	($000, except percentages)		($000, except percentages)	
Total revenue	66,068	53,519	243,023	210,759
Net income (loss)	1,641	3,832	11,110	(1,236)
Add back:				
Income tax expense	526	(410)	3,958	1,150
Foreign exchange loss	424	(484)	2,466	(595)
Interest income	(108)	(199)	(508)	(286)
Gain on sale of short-term investments, marketable securities and other assets	(18)	(278)	(1,369)	(286)
Other expenses (income)	(53)	0	14	1,970
Appreciation in common shares eligible for redemption	0	0	0	10,093
Amortization of intangible assets	7,419	5,143	22,364	17,090
Depreciation	706	787	3,117	2,943
Adjusted EBITDA	10,537	8,391	41,152	30,843
Adjusted EBITDA margin	16%	16%	17%	15%

The following table reconciles Adjusted Net Income to net income:

	Three months ended Dec. 31,		Fiscal year ended Dec. 31,	
	2007	2006	2007	2006
	($000, except percentages)		($000, except percentages)	
Total revenue	66,068	53,519	243,023	210,759
Net income (loss)	1,641	3,832	11,110	(1,236)
Add back:				
Appreciation in common shares eligible for redemption	0	0	0	10,093
Amortization of intangible assets	7,419	5,143	22,364	17,090
Adjusted net income	9,060	8,975	33,474	25,947
Adjusted net income margin	14%	17%	14%	12%

About Constellation Software Inc.

Constellation's common shares are listed on the Toronto Stock Exchange under the symbol "CSU". Constellation Software is an international provider of market leading software and services to a number of industries across both the public and private sectors. The Company acquires, manages and builds vertical market software businesses that provide mission-critical software solutions to address the specific needs of its customers in those industries.

For further information:

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SOURCE: CONSTELLATION SOFTWARE INC.

CONSTELLATION SOFTWARE INC.

Consolidated Balance Sheets
(In thousands of U.S. dollars)

December 31, 2007 and 2006

	2007	2006
Assets		
Current assets:		
Cash	$ 19,796	$ 25,807
Restricted cash (note 4)	750	858
Short-term investments and marketable securities available for sale (note 5)	1,217	3,320
Accounts receivable	47,177	32,655
Work in progress	10,839	13,189
Inventory	2,069	1,434
Prepaid expenses and other current assets	7,608	4,746
Investment tax credit receivable	661	41
Future income taxes (note 15)	1,096	1,153
	91,213	83,203
Property and equipment (note 8)	8,025	6,385
Future income taxes (note 15)	3,890	3,429
Notes receivable (note 6)	3,490	–
Share purchase warrants (note 6)	571	–
Investment tax credit receivable	1,551	547
Other long-term assets	871	38
Intangible assets (note 9)	128,942	66,085
Goodwill (note 10)	28,594	26,886
	$ 267,147	$ 186,573
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 11)	$ 19,342	$ –
Accounts payable and accrued liabilities	43,892	37,024
Acquisition holdback payments	10,442	4,797
Deferred revenue	78,870	56,190
Income taxes payable	3,426	1,063
Future income taxes (note 15)	347	–
	156,319	99,074
Future income taxes (note 15)	21,238	8,048
Acquisition holdback payments	1,000	231
Other long-term liabilities	1,708	404
Shareholders' equity:		
Capital stock (note 12)	99,283	99,283
Shareholder loans (note 13)	(1,915)	(2,135)
Accumulated other comprehensive loss (note 23)	(3,237)	(3,152)
Deficit	(7,249)	(15,180)
	86,882	78,816
Commitments (note 20)		
Contingencies (note 21)		
Guarantees (note 22)		
	$ 267,147	$ 186,573

See accompanying notes to consolidated financial statements.

On behalf of the Board:

______________________________ Director ______________________________ Director

CONSTELLATION SOFTWARE INC.

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

Years ended December 31, 2007 and 2006

	2007	2006
Revenue	$ 243,023	$ 210,759
Cost of revenue	92,113	81,970
	150,910	128,789
Research and development	36,965	32,821
Sales and marketing	28,666	25,942
General and administration	44,127	39,183
Depreciation	3,117	2,943
	112,875	100,889
Income before the undernoted	38,035	27,900
Appreciation in common shares eligible for redemption (note 12(d))	–	10,093
Amortization of intangible assets	22,364	17,090
Other expenses	14	1,970
Gain on sale of short-term investments, marketable securities and other assets	(1,369)	(286)
Interest income	(508)	(286)
Foreign exchange loss (gain)	2,466	(595)
Income (loss) before income taxes	15,068	(86)
Income taxes (recovery) (note 15):		
Current	4,273	1,421
Future	(315)	(271)
	3,958	1,150
Net income (loss)	$ 11,110	$ (1,236)
Income (loss) per share (note 16):		
Basic	$ 0.53	$ (0.06)
Diluted	0.52	(0.06)
Weighted average number of shares outstanding (in thousands) (note 16):		
Basic	21,110	20,810
Diluted	21,192	20,810
Number of shares outstanding at the end of the year (in thousands)	21,192	21,192

See accompanying notes to consolidated financial statements.

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Deficit
(In thousands of U.S. dollars)

Years ended December 31, 2007 and 2006

	2007	2006
Deficit, beginning of year	$ (15,180)	$ (12,623)
Net income (loss)	11,110	(1,236)
Dividends	(3,179)	(1,381)
Refundable taxes and other	–	60
Deficit, end of year	$ (7,249)	$ (15,180)

Consolidated Statements of Comprehensive (Loss)
(In thousands of U.S. dollars)

Years ended December 31, 2007 and 2006

	2007	2006
Net income (loss)	$ 11,110	$ (1,236)
Other comprehensive income (loss)	(85)	–
Comprehensive income (loss)	$ 11,025	$ (1,236)

See accompanying notes to consolidated financial statements.

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Cash Flows
(In thousands of U.S. dollars)

Years ended December 31, 2007 and 2006

	2007	2006
Cash flows from operating activities:		
Net income (loss)	$ 11,110	$ (1,236)
Adjustments to reconcile net income to net cash flows from operations:		
Depreciation	3,117	2,943
Amortization of intangible assets	22,364	17,090
Accretion interest (note 6)	61	–
Appreciation in common shares eligible for redemption	–	10,093
Deferred compensation	–	400
Future income taxes	(315)	(271)
Gain on sale of short-term investments, marketable securities and other assets	(1,369)	(286)
Unrealized foreign exchange (gain) loss	2,300	(660)
Change in non-cash operating working capital (note 19)	(2,348)	556
Cash flows from operating activities	34,920	28,629
Cash flows from financing activities:		
Increase (decrease) in other long-term liabilities	521	(278)
Increase in bank indebtedness	19,342	–
Credit facility financing fees (note 11)	(549)	–
Dividends	(3,179)	(1,381)
Distributions to common shares eligible for redemption	–	(471)
Issue of common shares eligible for redemption, net of shareholder loans	–	3,806
Redemption of common shares eligible for redemption	–	(20)
Issuance of shareholder loans (note 13)	(447)	–
Repayment of shareholder loans (note 13)	667	2,975
Repurchase of phantom shares	–	(1,657)
Return of capital	–	(637)
Cash flows from financing activities	16,355	2,337
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired (note 7)	(52,290)	(19,331)
Investment in VCG Inc. (note 6)	(4,000)	–
Additions to short-term investments, marketable securities and other assets	(801)	(2,850)
Proceeds on sale of short-term investments, marketable securities and other assets	4,144	748
Decrease (increase) in restricted cash	108	(858)
Decrease in other assets	253	202
Property and equipment purchases	(2,997)	(2,255)
Cash flows used in investing activities	(55,583)	(24,344)
Effect of currency translation adjustment on cash and cash equivalents	(1,703)	900
Increase (decrease) in cash and cash equivalents	(6,011)	7,522
Cash, beginning of year	25,807	18,285
Cash, end of year	$ 19,796	$ 25,807
Supplemental cash flow information:		
Income taxes paid	$ 2,649	$ 2,230
Interest paid	517	251
Interest received	1,025	575