

BURLINGTON, Mass., Oct. 23, 2013 /PRNewswire/ -- ClickSoftware Technologies Ltd. (NasdaqGS: CKSW), the leading provider of automated mobile workforce management and optimization solutions for the service industry, today announced results for the third quarter ended September 30, 2013.

## Highlights

- Revenues were \$23.3 million
- GAAP EPS \$(0.11); Non-GAAP EPS \$(0.10)
- Total cash and investments increased to \$55.7 million
- Cash provided by operations was \$3.3 million

## ClickSoftware Reports Financial Results for the Third Quarter Ended September 30, 2013

Written by Australian Business

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For the third quarter ended September 30, 2013, total revenues were \$23.3 million, down 15% from \$27.3 million in the third quarter of 2012. Net loss for the third quarter of 2013 was \$3.6 million, or \$(0.11) per fully diluted share, compared to net income of \$2.8 million, or \$0.09 per fully diluted share, for the same period last year. Non-GAAP net loss for the quarter was \$3.3 million, or \$(0.10) per fully diluted share, compared to Non-GAAP net income of \$3.7 million, or \$0.11 per fully diluted share, for the same period last year.

Software license revenues for the third quarter of 2013 were \$4.7 million, down 58% compared with software license revenues of \$11.0 million for the same period last year. Services revenues were \$18.6 million, up 14% compared with services revenues of \$16.3 million in the same period last year.

Gross profit in the third quarter of 2013 was \$12.2 million, or 52% of revenues, compared to \$17.5 million, or 64% of revenues, in the same period last year.

Following a \$1.6 million cash dividend payment, cash, cash equivalents and short and long-term investments at the end of the third quarter of 2013 were \$55.7 million, an increase of \$1.3 million compared to the end of the second quarter of 2013. Net cash provided by operating activities

was  
\$3.3 million  
during the third quarter of 2013.

## Management Commentary

"During the third quarter we continued to experience a number of positive trends that will increase recurring revenues and improve the visibility and predictability of our business. With eight new cloud customers signed in the third quarter, the number of new cloud-based customers signed in the first nine months of 2013 has doubled year-over-year. Our pipeline for the next twelve months includes more than 100 large and mid-market prospects considering our cloud-based solutions," said Dr. Moshe BenBassat, ClickSoftware's Founder and CEO. "Along with strong demand for cloud-based solutions, we also continue to see healthy demand for our on-premise offerings, and in the first nine months of 2013 we closed a higher number of on-premise deals compared to the same period last year. Furthermore, our services revenues, which consist of recurring support revenues and consulting revenues, both increased during the quarter compared to the same period last year."

"Our ability to offer both cloud and on-premise solutions, while offering the industry's most dynamic and scalable solution, provide a solution that is highly differentiated from that of any of our competitors. Specifically, we see increasing traction for our mobility products driven by general high demand for business mobility solutions. We remain an industry leader for field service optimization software as recently recognized by Gartner's Magic Quadrant for Field Service Management report, for the third consecutive year," concluded Dr. BenBassat.

## Financial Outlook

The Company expects revenues for the fourth quarter of 2013 to be between \$26 million to \$28 million, which will bring 2013 annual revenues to be between \$98.5 million to \$100.5 million. Non-GAAP fully diluted earnings (loss) per share for the fourth quarter of 2013 is expected to be in the range of \$(0.04) loss to \$0.01

earnings, which excludes share-based compensation, deferred taxes expense (net of tax payment for previous years retained earnings) and amortization of intangible assets costs of approximately

\$0.02

,

\$0.00

and

\$0.00

per fully diluted share, respectively. GAAP fully diluted loss per share is expected to be in the range of

\$(0.06) to \$(0.01)

.

## **Dividend**

In light of the short-term challenges associated with our transition to the cloud, ClickSoftware's Board of Directors has decided to suspend its payment of dividends for the time being. The Company does not have a formal policy governing dividend payments, and the declaration and payment of future dividends, if any, is at the discretion of the Company's Board of Directors.

## **Investors Conference Call**

ClickSoftware will host a conference call today at 9:00 a.m. EDT to discuss its financial results and other matters discussed in this press release, as well as answer questions from the investment community. To participate, please call (888) 668-9141 and ask for the ClickSoftware conference call. International participants, please call +972-3-918-0610. The call will be broadcasted by live webcast on the internet (in listen mode only) at

<http://ir.clicksoftware.com>

. A replay of this webcast will be available on the ClickSoftware website and on the Investor Relations App. Alternatively, a telephone replay of the call will be available for a week by calling (888) 326-9310 (international callers can dial +972-3-925-5901).

## **About ClickSoftware**

ClickSoftware ( [NasdaqGS: CKSW](#) ) is the leading provider of automated mobile workforce management and service optimization solutions for the enterprise, both for mobile and in-house resources. As pioneers of the "Service chain optimization" and "The real-time service enterprise" concepts, our solutions provide organizations with end-to-end visibility and control of the entire service management chain by optimizing forecasting, planning, shift and task scheduling, mobility and real-time management of resource and customer communication.

Available via the cloud or on-premise, our products incorporate best business practices and advanced decision-making algorithms to manage service operations more efficiently, in a scalable, integrated manner. Our solutions have become the backbone for many leading organizations worldwide by addressing the fundamental question of job fulfillment: Who does What, for Whom, With what, Where and When.

ClickSoftware is the premier choice for delivering superb business performance to service sector organizations of all sizes. The Company is headquartered in the United States and Israel , with offices across Europe

,  
Latin America  
and  
Asia Pacific

. For more information, please visit

[www.clicksoftware.com](http://www.clicksoftware.com)

and follow us on Twitter, the content of which is not a part of this press release.

To download ClickSoftware's investor relations app, which offers access to SEC documents, press releases, videos, audiocasts and more, please visit <https://itunes.apple.com/us/app/cksw-ir/id530880886?mt=8> to download

on your iPhone and iPad, or

<https://play.google.com/store/apps/details?id=com.theirapp.ckswir&hl=en>

for your Android mobile device.

### Use of Non-GAAP Financial Results

*In addition to disclosing financial results calculated in accordance with U.S. generally accepted accounting principles (GAAP), the Company's earnings release contains Non-GAAP financial*

*measures of net income and net income per share that exclude the effects of share-based compensation, tax benefit related to the update of deferred tax asset, previous years retained earnings tax and the amortization of acquired intangible assets. The Company's management believes the Non-GAAP financial information provided in this release is useful to investors' understanding and assessment of the Company's on-going core operations and prospects for the future. Management also uses both GAAP and Non-GAAP information in evaluating and operating business internally and as such deemed it important to provide all this information to investors. The Non-GAAP financial measures disclosed by the Company should not be considered in isolation or as a substitute for, or superior to, financial measures calculated in accordance with GAAP, and the financial results calculated in accordance with GAAP and reconciliations to those financial statements should be carefully evaluated. Reconciliations between GAAP measures and Non-GAAP measures are provided later in this press release.*

### **Safe Harbor for Forward Looking Statements**

*This press release contains express or implied forward-looking statements within the Private Securities Litigation Reform Act of 1995 and other U.S Federal securities laws. These forward-looking statements include, but are not limited to, those statements regarding future results of operations, including revenue growth, prospects, contribution of cloud-based sales, pipeline, demand for our solutions and our outlook for the fourth quarter and full year 2013 revenues and GAAP and Non-GAAP earnings/loss per share. Such "forward-looking statements" involve known and unknown risks, uncertainties and other factors that may cause actual results or performance to differ materially from those projected. Achievement of these results by ClickSoftware may be affected by many factors, including, but not limited to, risks and uncertainties regarding the general economic outlook, the length of or changes in ClickSoftware's sales cycle, ClickSoftware's ability to close sales to potential customers in a timely manner and maintain or strengthen relationships with strategic partners, the timing of revenue recognition, foreign currency exchange rate fluctuations, the impact of the Cloud model on initial transaction size and gross margins and ClickSoftware's ability to maintain or increase its sales pipeline. The forward-looking statements contained in this press release are subject to other risks and uncertainties, including those discussed in the "Risk Factors" section and elsewhere in ClickSoftware's annual report on Form 20-F for the year ended December 31, 2012 and in subsequent filings with the Securities and Exchange Commission. Except as otherwise required by law, ClickSoftware is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.*

Note: Financial Schedules Attached

**ClickSoftware Technologies Ltd.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited. In thousands, except share and per share amounts)**

**Three Months Ended**

**September 30, 2013**

**September 30, 2012**

**\$**

**% of**

**Revenues**

\$

% of

Revenues

Revenues:

Software license

\$ 4,650

20%

\$ 10,969

40%

Services

18,638

**80%**

**16,348**

**60%**

**Total revenues**

**23,288**

**100%**

**27,317**

**100%**

**Cost of revenues:**

**Software license**

**971**

**4%**

**967**

**4%**

**Services**

**10,101**

**43%**

**8,858**

**32%**

**Total cost of revenues**

**11,072**

**48%**

**9,825**

**36%**

**Gross Profit**

**12,216**

**52%**

**17,492**

**64%**

**Operating expenses:**

**Research and development costs, net**

**3,848**

**17%**

**3,625**

**13%**

**Selling and marketing expenses**

**10,088**

**43%**

**8,515**

**31%**

**General and administrative expenses**

**2,298**

**10%**

**2,247**

**8%**

**Total operating expenses**

**16,234**

**70%**

**14,387**

**53%**

**Operating (loss) income**

**(4,018)**

**(17%)**

**3,105**

**11%**

**Interest income (expense), net**

55

0%

(16)

0%

**Net (loss) income before taxes**

\$ □ (3,963)

(17%)

\$ □ □ □ 3,089

11%

**Tax income (expense), net**

**377**

**2%**

**(281)**

**(1%)**

**Net (loss) income**

**\$ □ (3,586)**

**(15%)**

**\$ □ □ □ 2,808**

**10%**

**Net (loss) earnings per ordinary share:**

**Basic**

\$ □ □ □ (0.11)

\$ □ □ □ □ 0.09

**Diluted**

\$ □ □ □ (0.11)

\$ □ □ □ □ 0.09

**Shares used in computing basic**

**net (loss) income per share**

**32,238,308**

**31,597,918**

**Shares used in computing diluted**

**net (loss) income per share**

**33,025,833**

**32,740,287**

**ClickSoftware Technologies Ltd.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Unaudited. In thousands, except share and per share amounts)**

**Nine Months Ended**

**September 30, 2013**

**September 30, 2012**

**\$**

**% of**

**Revenues**

**\$**

**% of**

**Revenues**

**Revenues:**

**Software license**

**\$ 17,765**

**25%**

**\$ 23,694**

**33%**

**Services**

**54,723**

**75%**

**47,953**

**67%**

**Total revenues**

**72,488**

**100%**

**71,647**

**100%**

**Cost of revenues:**

**Software license**

**3,032**

**4%**

**2,532**

**4%**

**Services**

**29,552**

**41%**

**26,457**

**37%**

**Total cost of revenues**

**32,584**

**45%**

**28,989**

**40%**

**Gross Profit**

**39,904**

**55%**

**42,658**

**60%**

**Operating expenses:**

**Research and development costs, net**

**11,572**

**16%**

**9,275**

**13%**

**Selling and marketing expenses**

**28,813**

**40%**

**23,252**

**32%**

**General and administrative expenses**

**6,643**

**9%**

**6,444**

**9%**

**Total operating expenses**

**47,028**

**65%**

**38,971**

**54%**

**Operating (loss) income**

**(7,124)**

**(10%)**

**3,687**

**5%**

**Interest income, net**

**618**

**1%**

**210**

**0%**

**Net (loss) income before taxes**

**\$ □ (6,506)**

**(9%)**

**\$ □ □ □ 3,897**

5%

**Tax income (expense), net**

90

0%

(315)

(0%)

**Net (loss) income**

\$ □ (6,416)

(9%)

\$ □ □ □ 3,582

5%

**Net (loss) earnings per ordinary share:**

**Basic**

\$ (0.20)

\$ 0.11

**Diluted**

\$ (0.19)

\$ 0.11

**Shares used in computing basic**

**net (loss) income per share**

**31,954,737**

**31,520,923**

**Shares used in computing diluted**

**net (loss) income per share**

**32,964,007**

**32,869,186**

**ClickSoftware Technologies Ltd.**

**CONSOLIDATED BALANCE SHEETS**

**(In thousands, except share data)**

**September 30, 2013**

**December 31, 2012**

**(Unaudited)**

(Audited)

**ASSETS**

**CURRENT ASSETS**

**Cash and cash equivalents**

\$ 23,782

\$ 12,793

**Deposits**

9,841

30,310

**Marketable securities**

**21,032**

**15,635**

**Trade receivables, net**

**20,376**

**21,792**

**Deferred taxes**

**1,020**

**220**

**Other receivables and prepaid expenses**

**4,009**

**3,398**

**Total current assets**

**80,060**

**84,148**

**LONG TERM ASSETS**

**Property and equipment, net**

**5,156**

**4,206**

**Deposits**

**1,075**

**621**

**Other receivables and prepaid expenses**

152

275

**Deferred taxes**

1,730

1,230

**Intangible assets, net**

223

452

**Goodwill**

1,572

**1,572**

**Severance pay funds**

**2,183**

**1,965**

**Total long term assets**

**12,091**

**10,321**

**Total Assets**

**\$ 92,151**

**\$ 94,469**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

## **CURRENT LIABILITIES**

### **Accounts payable and accrued expenses**

**\$ 14,995**

**\$ 16,536**

### **Deferred revenues**

**14,836**

**9,047**

### **Total current liabilities**

**29,831**

**25,583**

**LONG TERM LIABILITIES**

**Accrued severance pay**

**5,004**

**4,465**

**Deferred revenues**

**4,374**

**1,503**

**Total long term liabilities**

**9,378**

**5,968**

**Total liabilities**

**39,209**

**31,551**

**SHAREHOLDERS' EQUITY**

**Ordinary shares of NIS 0.02 par value**

**135**

**132**

**Additional paid-in capital**

**90,655**

**87,566**

**Accumulated deficit**

**(38,435)**

**(25,296)**

**Accumulated other comprehensive income**

**630**

**559**

**Treasury stock, at cost: 39,000 shares**

**(43)**

**(43)**

**Total shareholders' equity**

**52,942**

**62,918**

**Total Liabilities and shareholders' equity**

**\$ 92,151**

**\$ 94,469**

**ClickSoftware Technologies Ltd.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited. In thousands)**

**Nine Months Ended**

**September 30,**

**2013**

**September 30,**

**2012**

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Net (loss) income**

**\$ (6,416)**

**\$ 3,582**

**Adjustments to reconcile net (loss) income to net cash**

**provided by operating activities:**

**Income and expense items not involving cash flows:**

**Depreciation**

**1,881**

**1,572**

**Amortization of deferred compensation**

1,925

1,882

**Amortization of acquired intangible assets**

229

565

**Severance pay, net**

321

325

**Gain on marketable securities**

(336)

**(123)**

**Other**

**75**

**4**

**Changes in operating assets and liabilities:**

**Trade receivables**

**1,416**

**(3,562)**

**Deferred taxes**

**(1,300)**

(70)

**Other receivables**

(417)

203

**Accounts payable and accrued expenses**

(1,541)

841

**Deferred revenues**

8,660

322

**Net cash provided by operating activities**

\$ 4,497

\$ 5,541

## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment

(2,906)

(1,998)

Increase in deposits

20,015

9,704

Investments in marketable securities

(12,278)

**(1,075)**

**Proceeds from sale of marketable securities**

**7,217**

**1,948**

**Net cash provided by investment activities**

**\$ 12,048**

**\$ 8,579**

**CASH FLOWS FROM FINANCING ACTIVITIES**

**Dividend paid**

**(6,723)**

**(7,590)**

**Employee options exercised**

**1,167**

**558**

**Net cash used in financing activities**

**\$ (5,556)**

**\$ (7,032)**

**INCREASE IN CASH AND CASH EQUIVALENTS**

**10,989**

**7,088**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD**

12,793

14,683

**CASH AND CASH EQUIVALENTS AT END OF PERIOD**

\$ 23,782

\$ 21,771

ClickSoftware Technologies Ltd.

**SUPPLEMENTAL RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS**

(Unaudited. In thousands, except per share amounts)

**Three Months Ended**

**September 30, 2013**

**September 30, 2012**

**\$**

**% of**

**Revenues**

**\$**

**% of**

**Revenues**

**GAAP Net (loss) income**

**\$ □ □ □ (3,586)**

**(15%)**

\$ 2,808

10%

**Share-based compensation (1)**

736

650

**Amortization of intangible assets (2)**

48

150

**Deferred taxes**

(510)

50

**Non-GAAP Net (loss) income**

**\$ (3,312)**

**(14%)**

**\$ 3,658**

**13%**

**GAAP (loss) Earnings per share (diluted)**

**\$ (0.11)**

**\$ 0.09**

**Share-based compensation**

**0.02**

**0.02**

**Amortization of intangible assets**

0.00

0.00

**Deferred taxes**

(0.01)

0.00

**Non-GAAP (loss) Earnings per share**

**(diluted)**

\$ □ □ □ □ (0.10)

\$ □ □ □ □ □ 0.11

**(1) Share-based compensation:**

**Cost of services**

\$ 1 1 1 1 1 1 92

\$ 1 1 1 1 1 1 86

**Research and development costs, net**

76

72

**Selling and marketing expenses**

176

165

**General and administrative expenses**

392

**327**

**\$ 736**

**\$ 650**

**(2) Amortization of intangible assets:**

**Cost of revenues**

**\$ 48**

**\$ 121**

**Research and development costs, net**

**-**

**29**

**\$ 48**

\$ 150

ClickSoftware Technologies Ltd.

**SUPPLEMENTAL RECONCILIATIONS OF GAAP TO NON-GAAP RESULTS**

(Unaudited. In thousands, except per share amounts)

**Nine Months Ended**

**September 30, 2013**

**September 30, 2012**

**\$**

**% of**

**Revenues**

\$

% of

**Revenues**

**GAAP Net (loss) income**

\$ (6,416)

(9%)

\$ 3,582

5%

**Share-based compensation (1)**

1,925

**1,882**

**Amortization of intangible assets (2)**

**229**

**565**

**Tax payment for previous years retained**

**earnings\***

**744**

**-**

**Deferred taxes**

**(1,300)**

**(70)**

**Non-GAAP Net (loss) income**

\$ **(4,818)**

**(7%)**

\$ **5,959**

**8%**

**GAAP (loss) Earnings per share (diluted)**

\$ **(0.19)**

\$ **0.11**

**Share-based compensation**

**0.06**

**0.06**

**Amortization of intangible assets**

0.00

0.01

**Tax payment for previous years retained**

earnings\*

0.02

0.00

**Deferred taxes**

(0.04)

0.00

**Non-GAAP (loss) Earnings per share**

**(diluted)**

**\$ (0.15)**

**\$ 0.18**

**(1) Share-based compensation:**

**Cost of services**

**\$ 262**

**\$ 227**

**Research and development costs, net**

**212**

**185**

**Selling and marketing expenses**

505

438

**General and administrative expenses**

946

1,032

\$ 1,925

\$ 1,882

(2) **Amortization of intangible assets:**

**Cost of revenues**

\$ 200

\$ 476

**Research and development costs, net**

**29**

**89**

**\$ 229**

**\$ 565**

\*

*See Note 14.A to our consolidated financial statements for the year ended Dec*

*our Annual Report on Form 20-F, regarding November 2012 law*

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