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

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 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

$ 92

$ 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 Dece*

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

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