

Hyperion Reports Fiscal Second Quarter Results - 17% License Revenue Growth

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17% License Revenue Growth Driven by Strength of Financial Applications & Brio Acquisition

SUNNYVALE, Calif., January 22, 2004 – Hyperion (Nasdaq: HYSL), the leading provider of Business Performance Management software, today announced financial results for its fiscal second quarter ended December 31, 2003.

Total revenues for the quarter increased 24% to \$156.1 million, compared to \$126.0 million for the same period a year ago. Software license revenue increased 17% to \$59.7 million, compared to \$51.1 million for the same period a year ago, while maintenance and services revenue grew 29% to \$96.4 million, compared to \$74.9 million in the year-ago period.

The company's second quarter net income, as reported in accordance with U.S. generally accepted accounting principles (GAAP), was \$6.6 million, or \$0.16 per diluted share, compared to net income of \$7.6 million, or \$0.21 per diluted share, for the second quarter of fiscal 2003.

Second quarter non-GAAP pro forma net income was \$14.0 million, or \$0.35 per diluted share, excluding the impact of charges, net of related tax, associated with Hyperion's recent acquisition of Brio Software,

amortization of purchased intangibles, deferred stock-based compensation, restructuring charges, deferred revenue write-downs, and the one-time charge for the redemption of its outstanding convertible preferred debt.

Hyperion's balance sheet reflects cash and short-term investments totaling \$314.5 million at December 31, 2003. This compares to \$416.6 million in cash and short-term investments at June 30, 2003. Cash flow from operations for the quarter was \$5.8 million. The company used \$50.7 million of cash to complete the redemption of its outstanding convertible notes on November 26, 2003, and now has no long-term debt. It also used cash of \$65.9 million to repurchase stock during the quarter, bringing the total stock repurchases as of December 31, 2003, to \$92.0 million. The company announced in July 2003 that it would repurchase up to \$125 million of its common stock.

"This was a pivotal quarter for Hyperion and we executed very well," said Jeff Rodek, Hyperion's chairman and chief executive officer. "Our 17% growth in license revenues was driven by strong sales of our financial applications and our successful integration of Brio. Hyperion Planning and Hyperion Financial Management both enjoyed an exceptional quarter, with sales of each growing 38% versus year-ago levels. We're also very encouraged by the strong demand for our new suite of BI tools, which surpassed our initial expectations. We have clearly improved our competitive position with the addition of Brio.

"During this busy integration quarter, I'm very pleased with the overall performance of our entire organization," continued Mr. Rodek. "North American license revenues substantially improved while our international business continued its great performance. We continued to manage expenses well, while making tremendous progress in our accelerated efforts to fully integrate Brio. Our solid financial results further validate Hyperion's leadership position in the Business Performance Management space, as our customers recognize the need to achieve breakthrough performance everywhere within their organizations."

Non-GAAP Financial Measures

In analyzing its financial results, Hyperion has used non-GAAP pro forma financial measures (excluding adjustments, such as those relating to purchase accounting, restructuring costs, and debt redemption) because they provide meaningful information regarding the company's operational performance that excludes certain non-cash and non-recurring expenses. They also facilitate management's internal comparisons to the company's historical operating results and to competitors' operating results.

The company believes that these non-GAAP financial measures are useful to investors as they allow for greater transparency. Wherever non-GAAP disclosures have been included in this press release, the company has reconciled them to the appropriate GAAP disclosures.

The non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles and may be different from non-GAAP financial measures used by other companies. Hyperion believes that non-GAAP results should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

Reconciliation of GAAP to Pro Forma Q2 FY04 Earnings

Q2 FY04 GAAP Earnings: \$0.16

Plus:

Deferred maintenance revenue adjustment: 0.02

Amortization of intangibles: 0.04

Amortization of deferred stock-based compensation: 0.03

Restructuring charges: 0.09

Write-off of in-process research and development: 0.06

Loss on debt redemption: 0.02

Less:

Income tax effect of pro forma adjustments: (0.07)

Q2 FY04 non-GAAP pro forma Earnings : \$0.35

Business Outlook

Hyperion also reported today its outlook for the third quarter of fiscal 2004. On a GAAP basis, the company currently expects total revenues in the range of \$156 million to \$161 million and diluted earnings per share in the range of \$0.23 to \$0.29. This outlook assumes an effective tax rate of 37% and fully diluted shares outstanding of 39.7 million.

Excluding the purchase accounting impact on deferred maintenance revenue and the impact of the amortization of intangible assets and deferred stock-based compensation, the company expects diluted earnings per share on a non-GAAP pro forma basis for the March quarter in the range of \$0.28 to \$0.34.

Reconciliation of GAAP to Pro Forma Business Outlook

Projected Q3 FY04 GAAP Earnings: \$0.23 – 0.29

Plus:

Deferred maintenance revenue adjustment: \$0.01

Amortization of intangibles: \$0.05

Amortization of deferred stock-based compensation: \$0.02

Less:

Income tax effect of pro forma adjustments: (0.03)

Projected Q3 FY04 Non-GAAP Pro Forma Earnings: \$0.28 – 0.34

Other Recent Developments

Other significant company developments include:

* Won major customer contracts at Accor SA (France), Allied Domecq Spirits and Wine Ltd. (UK), Capital One Services, Inc., Cincinnati Bell Telephone, Equifax, General Electric Capital Corporation, Samsung Electronics (Korea), Springer Science + Business Media (Germany), TeliaSonera AB (Sweden), T-Mobile International AG (Germany), Turner Broadcasting System Inc., and Wachovia Corporation;

* Appointed Burton M. Goldfield to the newly created position of senior vice president of worldwide field operations. Goldfield joins Hyperion from IBM Corporation and has more than 25 years of experience in technology management and sales positions;

* Was named one of the 100 Best Companies to Work for 2004, in FORTUNE magazine's seventh annual survey;

* Doubled the number of live references for Hyperion Planning and Hyperion Financial Management over one year ago;

* Outperformed previous industry OLAP benchmarks by nearly 40%. Hyperion Essbase broke records for speed and scalability on the industry standard APB-1 benchmark to deliver the market's most scalable Business Intelligence solution; and

* Won a best IT products award in Intelligent Enterprise magazine's Reader's Choice Awards. Hyperion planning products were chosen as the best solutions in the award's first-time category, "Financial Planning, Forecasting and Budgeting Tools."

About Hyperion

Hyperion is the global leader in Business Performance Management software. More than 9,000 customers – including 91 of the Fortune 100 – rely on Hyperion software to translate strategies into plans, monitor execution and provide insight to improve financial and operational performance. Hyperion combines the most complete set of interoperable applications with the leading Business Intelligence platform to support and create Business Performance Management solutions. A network of more than 600 partners provides the company's innovative and specialized solutions and services.

Named one of the FORTUNE 100 Best Companies to Work For 2004, Hyperion employs approximately 2,600 people in 20 countries. Distributors represent Hyperion in an additional 25 countries. Headquartered in Sunnyvale, California, Hyperion – together with recently acquired Brio Software Inc. – generated combined annual revenues of \$612 million for the 12 months ending June 30, 2003. Hyperion is traded under the Nasdaq symbol HYSL.

For more information, please visit [www.hyperion.com /uk](http://www.hyperion.com/uk), e-mail enquiryuk@hyperion.com or call 01784 228015

Forward-Looking Statements

Statements in this press release other than statements of historical fact are forward-looking statements, including, but not limited to, statements concerning expected future financial results, the potential success of anticipated product offerings, and the potential market opportunities for business performance management software. Such statements constitute anticipated outcomes and do not assure results. Actual results may differ materially from those anticipated by the forward-looking statements due to a variety of factors, including, but not limited to the company's failure to continue successful integration of the Brio business, failure to successfully drive increases in software license revenue (by both increasing sales of newer products, and limiting falloff of older product revenue), failure to successfully drive partner revenue, significant strengthening of the dollar against key European currencies, the impact of competitive products and pricing, a decline in customer demand, and technological shifts. For a more detailed discussion of factors that could affect the company's performance and cause actual results to differ materially from those anticipated in the forward-looking statements, interested parties should review the company's filings with the Securities and Exchange Commission, including the Report on Form 10-K filed on August 13, 2003 and the Report on Form 10-Q filed on November 7, 2003. The company does not undertake an obligation to update its forward-looking statements to reflect future events or circumstances.

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