

# Hyperion Reports Record Fiscal Fourth Quarter and Fiscal Year Results

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Business Performance Management Expansion Drives 30% License Revenue Growth

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Business Performance Management Expansion Drives 30% License Revenue Growth

SUNNYVALE, Calif., July 21 -- Hyperion Solutions (Nasdaq: HYSL), the leading provider of Business Performance Management software, today announced record financial results for its fiscal fourth quarter and fiscal year ended June 30, 2004.

Total revenues for the quarter increased 28% to \$176.4 million, compared to \$138.0 million for the same period a year ago. Software license revenue increased 30% to \$72.2 million, compared to \$55.6 million for the same period a year ago, while maintenance and services revenue grew 26% to \$104.1 million, compared to \$82.4 million in the year-ago period.

The company's fourth-quarter net income, as reported in accordance with U.S. generally accepted accounting principles (GAAP), increased 61% to \$14.7 million, or \$0.36 per diluted share, compared to net income of \$9.2 million, or \$0.25 per diluted share, for the fourth quarter of fiscal 2003.

Fourth quarter non-GAAP pro forma net income was \$17.8 million, or \$0.44 per diluted share, excluding the impact of charges, net of related tax, for deferred revenue write-downs, the amortization of purchased intangible assets, the amortization of deferred stock-based compensation, and restructuring costs.

Hyperion's balance sheet reflects cash and short-term investments totaling \$368.2 million at June 30, 2004. This compares to \$338.7 million in cash and short-term investments at March 31, 2004. Cash flow from operations for the quarter was \$27.8 million. The company used cash of \$6.1 million to repurchase stock during the quarter, as part of a \$75 million stock repurchase program announced in May 2004.

Total revenues for the fiscal year ended June 30, 2004 increased 22% to \$622.2 million, compared to \$510.5 million for fiscal year 2003. GAAP net income for fiscal year 2004 increased 28% to \$43.8 million, or \$1.10 per diluted share, compared to net income of \$34.1 million, or \$0.96 per diluted share, for fiscal year 2003. Non-GAAP pro forma net income for fiscal year 2004 was \$56.6 million, or \$1.42 per diluted share, compared to \$35.7 million, or \$1.00 per diluted share, for fiscal 2003. The non-GAAP pro forma results exclude the impact of charges, net of related tax, associated with Hyperion's acquisition of Brio Software, deferred revenue write-downs, the amortization of purchased intangible assets, the amortization of deferred stock-based compensation, restructuring costs, and the one-time charge for the redemption of its outstanding convertible debt.

"Our team executed on all fronts and we generated record revenues and operating margins in both the fourth quarter and fiscal year," said Jeffrey R. Rodek, Hyperion's executive chairman. "I'm very pleased with our performance. Not only did we execute financially, but we also announced the on-schedule general availability of Hyperion Essbase 7.1 in June, a major milestone in our product innovation."

"Customers are deploying our solutions much more broadly and deeply within their companies, as they recognize the need to build performance accountable organizations," added Godfrey R. Sullivan, Hyperion's president and chief executive officer. "We're very excited about the increasing momentum of the Business Performance Management category and are well positioned to expand our market leadership."

#### 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 and restructuring costs) 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. 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. 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 Q4 FY04 and Q4 FY03 Earnings Per Share

	Q4 FY04	Q4 FY03
GAAP Earnings Per Share	\$0.36	\$0.25
Plus:		
Deferred maintenance revenue adjustment	0.01	--
Amortization of purchased intangible assets	0.05	0.01
Amortization of deferred stock-based compensation	0.05	0.01
Restructuring costs	0.01	--
Less: Income tax effect of pro forma adjustments	(0.04)	(0.01)
Non-GAAP Pro Forma Earnings Per Share	\$0.44	\$0.26

#### Reconciliation of GAAP to Pro Forma FY04 and FY03 Earnings Per Share

	FY04	FY03
GAAP Earnings Per Share	\$1.10	\$0.96
Plus:		
Deferred maintenance revenue adjustment	0.04	--
Amortization of purchased intangible assets	0.14	0.05
Amortization of deferred stock-based compensation	0.11	0.01
Restructuring costs	0.11	0.02
Write-off of in-process research and development	0.06	--
Loss (gain) on redemption of debt	0.02	(0.01)
Less: Income tax effect of pro forma adjustments	(0.16)	(0.03)
Non-GAAP Pro Forma Earnings Per Share	\$1.42	\$1.00

#### Business Outlook

Hyperion also reported today its outlook for the first quarter of fiscal 2005. On a GAAP basis, the company currently expects total revenues in the range of \$155 million to \$160 million and diluted earnings per share in the range of \$0.17 to \$0.22. This outlook assumes an effective tax rate of 35% and diluted shares outstanding of 41.1 million.

Excluding the impact of the amortization of purchased intangible assets, amortization of deferred stock-based compensation, and restructuring costs, the company expects diluted earnings per share on a non-GAAP pro forma basis for the first quarter in the range of \$0.27 to \$0.32.

#### Reconciliation of GAAP to Pro Forma Earnings Per Share for Business Outlook

Projected Q1 FY05 GAAP Earnings Per Share	\$0.17 - \$0.22
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Plus:

Amortization of purchased intangible assets	0.05
Amortization of deferred stock-based compensation	0.02
Restructuring costs	0.08
Less: Income tax effect of pro forma adjustments	(0.05)

Projected Q1 FY05 Non-GAAP Pro Forma Earnings Per Share	\$0.27 - \$0.32
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Hyperion Names Rodek Executive Chairman, Sullivan President and CEO

In a separate news release today, the company announced that it has named Rodek executive chairman of Hyperion's board of directors and promoted Sullivan to president and CEO, effective immediately.

#### Other Recent Developments

Other recent company developments include:

- \* Won major customer contracts at Best Agrifund (Netherlands), BT (UK), Fifth Third Bank, Hogeschool INHOLLAND (Netherlands), Johnson Controls, Lockheed Martin Tactical Systems, Mutuelles du Mans Assurances (France), Peabody Energy, PPG Industries, State University of New York, Telenor (Norway), and Yorkshire Water Services (UK).
- \* Announced the general availability of Hyperion Essbase 7.1, the most significant advancement in its analytical technology since the introduction of Hyperion Essbase in 1994.
- \* Announced that SAP has certified integration between Hyperion Performance Suite and mySAP(TM) Business Suite and SAP(R) Business Information Warehouse (SAP BW), a core component of SAP NetWeaver(TM). Hyperion Essbase 7.1 also offers enhanced integration with SAP BW through Essbase Integration Services Data Connector.

- \* Elevated to Strategic Partner by BearingPoint, Inc., a global systems integrator and Hyperion partner. This is BearingPoint's highest-level alliance status and Hyperion is one of only seven companies to achieve this status.
- \* Published *On the Up and Up: Achieving Breakthrough Performance Through Insight*, the first-ever book on Business Performance Management. The book offers the insight and inspiration companies need to take their Business Performance Management efforts to the next level.
- \* Announced plans to relocate to a larger, more modern global headquarters located in Santa Clara, California, combining the software development, research, executive, marketing, sales and administrative functions currently housed in three buildings in Sunnyvale, Santa Clara, and San Francisco, California.

## 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 2,500 people in 20 countries. Distributors represent Hyperion in an additional 25 countries. Headquartered in Sunnyvale, California, Hyperion generated annual revenues of \$622 million for the 12 months that ended June 30, 2004. Hyperion is traded under the Nasdaq symbol HYSL. For more information, please visit <http://www.hyperion.com>, <http://www.hyperion.com/contactus> or call 800-286-8000 (U.S. only).

## 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), significant product quality problems, 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 Annual Report on Form 10-K filed on August 13, 2003 and the Quarterly Report on Form 10-Q filed on May 10, 2004. The company does not undertake an obligation to update its forward-looking statements to reflect future events or circumstances.

NOTE: "Hyperion," the Hyperion "H" logo and Hyperion's product names are trademarks of Hyperion. References to other companies and their products use trademarks owned by the respective companies and are for reference purpose only.