Aspen Technology Reports Third Quarter Fiscal 2002 Financial Results

April 25, 2002
CAMBRIDGE, Mass., Apr 25, 2002 /PRNewswire-FirstCall via COMTEX/ --

Company Implements Strategic and Tactical Programs Intended to Deliver Sustained Profitability

Aspen Technology, Inc. (Nasdaq: AZPN) today reported financial results for its fiscal 2002 third quarter ended March 31, 2002.

(Photo: http://www.newscom.com/cgi-bin/prnh/20000811/ASPENLOGO)

Total revenues for the third quarter were $83.5 million, with license revenues totaling $37.4 million and services revenues totaling $46.1 million. For the quarter ending March 31, 2002, the company reported an operating loss of $6.9 million, resulting in a pro forma loss of $0.15 per diluted share. The pro forma number excludes the dilution of preferred stock discount and dividend.

"We are one hundred percent committed to doing whatever it takes to restore AspenTech to sustained profitability," said Larry Evans, Chairman and CEO. "Due to the current economic environment, we have taken difficult, but necessary, short-term actions that should enable us to make money in the current quarter. Our fourth quarter is seasonally our strongest and we possess a robust pipeline of sales opportunities that we believe will close by the end of June.

"In addition, we have implemented a number of strategic and tactical programs that we believe will enhance our profitability longer-term. In recent months, we have significantly strengthened our balance sheet and expanded our partner relationship with Accenture to deliver enterprise-wide software solutions. Our product offering, competitive position and the value we deliver to our customers have never been stronger. Given these factors, we feel confident that in a moderate economic expansion our revenue and earnings growth will provide investors attractive returns."

AspenTech also announced today it is taking a series of actions intended to restore the company to profitability in the current quarter and thereafter. The company will organize itself around two primary lines of business, engineering software and operations software, which includes manufacturing and supply chain software. This realignment of responsibilities will enable the company to implement expense cuts that it believes will reduce total spending for the first quarter of fiscal 2003 to approximately $81 million or 10 percent from its current quarterly run rate. These actions will result in a ten percent reduction in the company's worldwide headcount, which numbered approximately 1,950 at March 31, 2002.

In addition, AspenTech will substantially lower its fourth quarter 2002 expenses by implementing a mandatory furlough program, making temporary salary cuts for managerial employees, instituting a hiring freeze, and substantially curtailing discretionary spending. AspenTech expects these actions will reduce its quarterly expenses, including cost of revenues, to approximately $83 to $85 million for the fourth quarter of 2002, compared with revenue it believes will be approximately $86 to $88 million. For fiscal year 2003, the company now expects revenues to range between $355 and $365 million, with total expenses of approximately $335 to $340 million.

AspenTech signed nine license transactions in the third quarter of approximately $1 million or greater. As previously announced, the most significant transaction of the quarter was a deal with ExxonMobil for components of AspenTech's manufacturing and supply chain solutions. The company also signed large license agreements with BP Oil, Fluor Daniel, Sanofi Synthelabo and Sunoco. Among AspenTech's product offerings, the company's engineering solutions again delivered a strong performance, and supply chain solutions also made a solid contribution. Demand from AspenTech's core vertical markets was robust, with the greatest contribution coming from petroleum, followed by chemicals.

On a Generally Accepted Accounting Principles (GAAP) basis, the company reported a loss of ($0.17) in the quarter, with the preferred stock dividend and discount accretion accounting for approximately ($0.02). The company also implemented a new FASB accounting rule that requires companies to include the gross amount of reimbursable expenses in revenues and cost of revenues, rather than netting these amounts in the statement of operations. The accounting change resulted in approximately a $4.0 million increase to services revenue and a $4.0 million increase to cost of services revenue for the quarter ended March 31, 2002. Furthermore, similar adjustments to include reimbursable expenses in both revenues and cost of revenues have been done for all periods presented.

As previously announced, the company will be holding a conference call to discuss its financial results, business outlook, and related corporate and financial matters at 4:45 p.m. EST on Thursday, April 25, 2002. Interested parties may listen to a live Webcast of the call by logging on to AspenTech's website: http://www.aspentech.com and clicking on the "Webcast" link under the Investor Relations section of the site. A replay of the call will be archived on AspenTech's website for ten days and will also be available for forty-eight hours via telephone, beginning at 8:00 p.m. EST on April 25, 2002, by dialing 719-457-0820 and entering in confirmation code 213749.

About AspenTech

Aspen Technology, Inc. is the leading supplier of integrated software and solutions to the $6 trillion process industries. The company's Aspen ProfitAdvantage(TM) solution enables companies to identify and maximize profit opportunities throughout their entire value chain -- from the supply of raw materials, through the production of goods, to the delivery of final products to customers. The Aspen ProfitAdvantage solution encompasses engineering, manufacturing, supply chain and e-business collaboration technologies, providing the tools that enable manufacturers to design, optimize and execute business processes in real time. Over 1,200 leading process companies already rely on AspenTech's 20 years of process industry experience to increase revenues, reduce costs and improve capital efficiency. AspenTech's customers include: Air Liquide, AstraZeneca, Bayer, BASF, BP, Chevron, Dow Chemical, DuPont, Equistar, Exxon Mobil, GlaxoSmithKline, Merck, Mitsubishi Chemical, and Unilever. For more information, visit http://www.aspentech.com.

Paragraphs 3,4,5 and 6 of this press release contain forward-looking statements for purposes of the safe harbor provisions of the Private Securities

Litigation Reform Act of 1995. These statements involve factors that may cause AspenTech's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Specifically, by way of example and without limitation, some of the statements in the third, fourth, fifth and sixth paragraphs are forward-looking statements and their achievement is subject to a number of factors including: AspenTech's lengthy sales cycle which makes it difficult to predict quarterly operating results; fluctuations in AspenTech's quarterly operating results; AspenTech's dependence on customers in the cyclical chemicals, petrochemicals and petroleum industries; AspenTech's dependence on key employees; intense competition; AspenTech's dependence on systems integrators and other strategic partners; and other risk factors described from time to time in AspenTech's periodic reports filed with the Securities and Exchange Commission. AspenTech cannot guarantee any future results, levels of activity, performance, or achievements. Moreover, neither AspenTech nor anyone else assumes responsibility for the accuracy and completeness of any forward-looking statements. AspenTech undertakes no obligation to update any of the forward-looking statements after the date of this press release.

AspenTech, Aspen ProfitAdvantage, Plantelligence, and the Aspen logo are trademarks of Aspen Technology, Inc., Cambridge, Mass.

ASPEN TECHNOLOGY, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	March 31, 2002	March 31, 2001	March 31, 2002	March 31, 2001
REVENUES:				
Software licenses	$37,380	$34,224	$96,550	$107,436
Services	46,086	46,092	140,102	131,503
Total revenues	83,466	80,316	236,652	238,939
EXPENSES:				
Cost of software licenses	3,165	3,141	8,663	8,705
Cost of services	29,969	29,588	90,372	83,900
Selling and marketing	29,521	29,340	84,597	81,762
Research and development	19,585	18,590	55,413	50,150
General and administrative	8,678	8,289	23,620	22,454
Restructuring charges	(500)	-	2,142	-
Charge for in-process research and development	-	-	-	7,615
Total costs and expenses	90,418	88,948	264,807	254,586
Income (loss) from operations	(6,952)	(8,632)	(28,155)	(15,647)
Other income (expense), net	(152)	(99)	(505)	19
Write-off of investment	-	-	-	(5,000)
Interest income, net	103	1,052	999	3,921
Income (loss) before provision for (benefit from) income taxes	(7,001)	(7,679)	(27,661)	(16,707)
Provision for (benefit from) income taxes	(2,100)	(2,304)	(8,305)	(5,012)
Net income (loss)	(4,901)	(5,375)	(19,356)	(11,695)
Accretion of preferred stock discount and dividend	(602)	-	(602)	-
Net income (loss) applicable to common stockholders	$(5,503)	$(5,375)	$(19,958)	$(11,695)
Basic and diluted earnings (loss) per share:				
Net income (loss) per share	$(0.15)	$(0.18)	$(0.61)	$(0.39)
Accretion of preferred stock discount and dividend	(0.02)	-	(0.02)	-
Net income (loss) per share applicable to common				

stockholders (1)	$(0.17)	$(0.18)	$(0.63)	$(0.39)
Weighted average shares outstanding - basic and diluted	31,948	30,186	31,768	29,729
Pro Forma before In Process R&D, Write-off of Investment, Amortization of Goodwill, Restructuring Charge, Preferred Stock Discount and Dividend Accretion, and including Accenture Shares:				
Net income (loss)	$(5,853)	$(4,953)	$(18,459)	$(1,799)
Diluted earnings (loss) per share	$(0.18)	$(0.16)	$(0.58)	$(0.06)
Weighted average shares outstanding - proforma	32,623	30,186	31,990	29,729

NOTE: (1) The three months and nine months ending March 31, 2001 include $600K and $1.5 million of amortization of goodwill respectively, while 2002 results do not include any amortization of goodwill to comply with FASB 142

ASPEN TECHNOLOGY, INC.
CONSOLIDATED CONDENSED BALANCE SHEET
(Dollars in thousands)

	March 31, 2002	Proforma March 31, 2002	June 30, 2001
ASSETS			
Current assets:			
Cash, cash equivalents and short-term investments	$117,798	$117,798	$67,638
Accounts receivable and unbilled services, net	113,540	113,540	116,389
Current portion of long-term installments receivable, net	22,865	22,865	31,094
Deferred tax asset	3,252	3,252	3,252
Prepaid expenses and other current assets	21,304	21,304	17,591
Total current assets	278,759	278,759	235,964
Long-term installments receivable, net	32,343	32,343	43,428
Equipment and leasehold improvements, net	44,666	44,666	43,276
Computer software development costs, net	10,514	10,514	8,539
Intangible assets, net	40,470	40,470	43,964
Purchased intellectual property, net	29,600	29,600	-
Deferred tax asset	18,509	18,509	15,686
Other assets	14,885	14,885	15,737
Total assets	$469,746	$469,746	$406,594

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Current portion of long-term debt	$3,063	$3,063	$2,539
Obligation subject to common stock settlement	29,600	-	-
Accounts payable and accrued expenses	46,619	46,619	62,959
Unearned revenue	21,308	21,308	18,711
Deferred revenue	29,050	29,050	24,341
Total current liabilities	129,640	100,040	108,550
Long-term debt, less current maturities	91,497	90,939	88,149
Deferred revenue, less current portion	4,983	4,983	8,190
Other liabilities	635	635	635
Total stockholders' equity	242,991	273,149	201,070
Total liabilities and stockholders' equity	$469,746	$469,746	$406,594

Contacts:

For Media:
Peter Watt
Aspen Technology, Inc.
+44 (0) 1223 819 752

Carin Warner
Warner Communications
(978) 526-1960
carin@warnerpr.com

For Investors:
Joshua Young
Aspen Technology, Inc.
(617) 949-1274
joshua.young@aspentech.com

SOURCE Aspen Technology, Inc.

CONTACT: For Media: Peter Watt of Aspen Technology, Inc., +44 (0) 1223 819 752; or Carin Warner of Warner Communications, +1-978-526-1960, carin@warnerpr.com; or For Investors: Joshua Young of Aspen Technology, Inc., +1-617-949-1274, joshua.young@aspentech.com
/Photo: NewsCom: http://www.newscom.com/cgi-bin/prnh/20000811/ASPENLOGO
AP Archive: http://photoarchive.ap.org
PRN Photo Desk, 888-776-6555 or 212-782-2840

URL: http://www.aspentech.com
http://www.prnewswire.com