Aspen Technology Announces Financial Results for Third Quarter Fiscal Year 2007

May 9, 2007

CAMBRIDGE, Mass.--(BUSINESS WIRE)--May 9, 2007--Aspen Technology, Inc. (Nasdaq: AZPN), a leading provider of software and services to the process industries, today announced financial results for its third quarter of fiscal 2007, ended March 31, 2007.

Mark Fusco, President and CEO of AspenTech, stated, "We are pleased with the company's performance in the third quarter, which was highlighted by revenue and profitability that were at or above the high-end of our guidance. The underlying drivers to our revenue continue to be strong and balanced, including new customer wins and expanded usage and renewal activity with existing customers." Fusco added, "The energy, chemicals and E&C markets that we serve remain strong, and companies in these verticals are increasing their investments in systems that help to optimize their operations. AspenTech is benefiting from these positive industry fundamentals due to our industry leading domain expertise, unique breadth and depth of our aspenONE product suite, and focus on delivering a significant ROI for each of our customers."

For the quarter ended March 31, 2007, AspenTech reported total revenue of $80.3 million, an increase of 4% from the third quarter of the prior fiscal year. Within total revenue, license revenue was $43.6 million, an increase of 3%, and services revenue was $36.7 million, an increase of 6%, compared to the third quarter of fiscal 2006, respectively. As previously disclosed, the comparable third quarter of fiscal 2006 was unusually strong due to the positive impact of large deals.

AspenTech's income from operations, determined in accordance with generally accepted accounting principles (GAAP), was $7.7 million in the third quarter of fiscal 2007, representing an operating margin of 10%. This compares to operating income of $7.9 million in the third quarter of fiscal 2006, which also represented an operating margin of 10%.

GAAP operating expenses in the third quarter of fiscal 2007 included $3.2 million of non-cash stock-based compensation, $1.6 million of non-cash amortization of intangibles associated with previous acquisitions, $1.6 million in restructuring charges due to the company's continued office consolidations, and a $0.7 million loss on sales of assets - the combination of which reduced the company's operating margin by approximately 9 percentage points. These items reduced the prior year's operating margin by approximately 7 percentage points.

Net income applicable to common shareholders was $8.6 million in the third quarter of fiscal 2007, including the impact of $146,000 in preferred stock dividends and discount. This represents an increase of over 200% compared to net income applicable to common shareholders of $2.7 million in the same period last year, which included the impact of $3.9 million in preferred stock dividends and discount. As previously disclosed, the company's Series D-1 and D-2 preferred shares converted to common stock in December 2006 and January 2007, respectively.

Net income per share applicable to common shareholders was $0.10 for the quarter ended March 31, 2007, an increase of 100% compared to $0.05 in the same period last year. Weighted shares outstanding were 91.6 million in the third quarter of fiscal 2007, an increase compared to 55.5 million in the same period last year due to the previously mentioned conversion of preferred shares to common shares. The above mentioned stock-based compensation, amortization of intangibles associated with previous acquisitions, loss on sales of assets and restructuring charges, in addition to a $0.6 million non-cash foreign exchange loss on inter-company balances offset by the benefit of approximately $1.2 million of interest income associated with the accretion of retained interest in sold receivables, had a net, negative impact of $0.07 per share in the quarter ended March 31, 2007. In the prior year period, the combination of these items had a net, negative impact of $0.07 per share.

AspenTech had cash and cash equivalents of $100.8 million at March 31, 2007, an increase of approximately $8 million from $92.5 million at the end of the previous quarter. The increase in cash was primarily the result of positive cash flow from operations of approximately $12.8 million, offset by the cash payment of approximately $6.6 million in consideration for the accumulated preferred dividends associated with the conversion of the company's Series D-2 preferred stock.

Conference Call and Webcast

AspenTech will host a conference call and webcast today, May 9, at 8:30 pm (EST) to discuss the company's financial results, business outlook, and related corporate and financial matters. The live dial-in number is (877) 239-3024, conference ID code 5774680. Interested parties may also listen to a live webcast of the call by logging on to the Investor Relations section of AspenTech's website, http://www.aspentech.com/corporate/investor.cfm, and clicking on the "webcast" link. A replay of the call will be archived on AspenTech's website and will also be available via telephone at (800) 642-1687 or (706) 645-9291, conference ID code 5774680 through May 16, 2007.

About AspenTech

AspenTech is a recognized expert and leading provider of award-winning process optimization software and services. AspenTech's integrated aspenONE(TM) solutions enable manufacturers to reduce costs, increase capacity, and optimize operational performance end-to-end throughout the engineering, plant operations, and supply chain management processes, resulting in millions of dollars in cost savings. For more information, visit www.aspentech.com.

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

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Nine Months Ended March 31, 2007	Nine Months Ended March 31, 2006
	(Unaudited)			
REVENUES:				
Software licenses	$ 43,608	$ 42,392	$ 132,550	$ 108,299
Service and other	36,682	34,737	108,477	105,285
Total revenues	80,290	77,129	241,027	213,584
COST OF REVENUES:				
Cost of software licenses	3,571	4,518	10,429	12,637
Cost of service and other	18,620	18,542	54,711	53,847
Amortization of technology related intangible assets	1,632	2,162	5,206	6,396
Total cost of revenues	23,823	25,222	70,346	72,880
Gross profit	56,467	51,907	170,681	140,704
OPERATING COSTS:				
Selling and marketing	23,505	21,615	66,833	61,132
Research and development	12,120	12,005	31,339	34,014
General and administrative	10,857	9,791	34,522	30,361
Restructuring charges	1,597	534	3,632	3,728
Loss on sales and disposals of assets	695	103	6,270	480
Total operating costs	48,774	44,048	142,596	129,715
Income from operations	7,693	7,859	28,085	10,989
Interest income, net	2,478	1,057	6,065	2,627
Other income (expense), net	(130)	793	2,419	(1,693)
Income before income tax provision	10,041	9,709	36,569	11,923
Income tax provision	(1,322)	(3,095)	(4,652)	(4,797)
Net income	8,719	6,614	31,917	7,126
Accretion of preferred stock discount and dividend	(146)	(3,888)	(7,290)	(11,509)
Income (loss) applicable to common shareholders	$ 8,573	$ 2,726	$ 24,627	$ (4,383)
EARNINGS PER SHARE:				
Income (loss) per share applicable to common shareholders - Basic	$ 0.10	$ 0.06	$ 0.38	$ (0.10)
Income (loss) per share applicable to common				

shareholders - Diluted	$ 0.10	$ 0.05	$ 0.35	$ (0.10)
Weighted average shares outstanding - Basic	86,228	44,561	65,211	43,843
Weighted average shares outstanding - Diluted	91,614	55,497	90,647	43,843

Supplemental information -

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006 (1)	Nine Months Ended March 31, 2007	Nine Months Ended March 31, 2006 (1)
	(Unaudited)			
Stock-based compensation costs included in the Statements of Operations				
Cost of service and other	$ 451	$ 604	$ 1,114	$ 1,338
Selling and marketing	919	835	2,565	2,063
Research and development	716	403	1,306	967
General and administrative	1,155	796	2,994	2,618
Total stock-based compensation	$ 3,241	$ 2,638	$ 7,979	$ 6,986

(1) Fiscal 2006 amounts also include withholding tax charges recorded during the stock option restatement.

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

	March 31, 2007	June 30, 2006
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$100,836	$ 86,272
Accounts receivable, net	48,207	49,163
Unbilled services	11,681	8,518
Current portion of long-term installments receivable, net	9,324	12,123
Prepaid expenses and other current assets	9,192	9,179
Total current assets	179,240	165,255
Long-term installments receivable, net	19,777	35,681
Retained interest in sold receivables	30,348	19,010
Equipment and leasehold improvements, net	6,228	8,674
Computer software development costs, net	12,580	15,456
Intangible assets, net	19,365	24,911
Deferred tax assets	3,277	3,097
Other assets	2,189	2,552

Total assets	$273,004	$274,636
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current portion of long-term debt	$ 254	$ 247
Accounts payable and accrued expenses	75,104	82,329
Deferred revenue	60,458	57,936
Total current liabilities	135,816	140,512
Long-term debt, less current maturities	-	149
Deferred revenue, less current portion	2,050	2,609
Other liabilities	16,652	20,446
Redeemable preferred stock	-	125,475
Total stockholders' equity (deficit)	118,486	(14,555)
Total liabilities and stockholders' equity (deficit)	$273,004	$274,636

CONTACT:
Media:
Aspen Technology, Inc.
Elisa Logan, 617-949-1398
elisa.logan@aspentech.com
or
Investors:
Integrated Corporate Relations
Kori Doherty, 617-956-6730
kdoherty@icrinc.com

SOURCE:
Aspen Technology, Inc.