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**HEADLINE:** BMC Software reports record earnings per share; strong international growth and market acceptance of PATROL highlighted

**DATELINE:** HOUSTON

**BODY:**

Oct. 24, 1994--BMC Software, Inc. (NASDAQ--BMCS), citing strong growth outside North America and market acceptance of its PATROL open systems management software, reported record earnings per share for the second fiscal quarter of 1995, ending Sept. 30, 1994.

Earnings per share in the second quarter increased 25 percent to \$.96 vs. \$.77 reported in the second quarter of fiscal 1994. The \$.96 figure is the highest quarterly earnings per share amount ever reported by BMC Software. Net earnings for the second quarter of fiscal 1995 increased 20 percent to \$24,283,000 over the year-earlier figure of \$20,193,000. Second quarter revenue was \$80 million, an 18 percent increase from the year-earlier \$68 million.

For the six months ended Sept. 30, net earnings totaled \$46,384,000, or \$1.82 per share, on total revenues of \$158,000,000. In the first six months of fiscal 1994, BMC Software reported net earnings of \$38,394,000, or \$1.46 per share, on total revenues of \$133,000,000.

Total license revenues from the second quarter of fiscal 1995 increased 20 percent to \$45,957,000. This reflects a greater balance between North American and international operations, with a 60/40 split between the two groups, respectively. The most significant growth was seen in France and the United Kingdom. Achieving a greater balance between domestic and international revenue is an underlying goal of the company.

Max Watson, chairman, president and chief executive officer, said the strong results internationally reflect improved execution and stronger local economies. He added, "In the second quarter of fiscal 1995, the year-over-year growth of our international license revenue was the highest that it had been in the last eight quarters. We are pleased with the performance of our international operations and look forward to continued improvement."

PATROL continues to show rapid market acceptance as revenue for the product increased approximately 60 percent in the second quarter, compared to the first quarter of fiscal 1995. The record backlog for PATROL reflects both

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a strong demand for the PATROL product and acceptance by customers of BMC Software's comprehensive strategy for managing, monitoring and increasing the efficiency of open systems environments.

BMC Software continues to build its open systems business with substantial investments in product development and the external recruitment of open systems experts. In the second quarter, Leland Putterman joined BMC Software as vice president of worldwide marketing. Putterman was recruited from Oracle Corp. where he served in numerous sales and marketing capacities, most recently as vice president, worldwide database and tools marketing.

BMC Software's continued investment in its core mainframe business yielded the release of EXTENDED TERMINAL ASSIST (ETA)(TM) in the September quarter. ETA simplifies the implementation and maintenance of IBM's(a) Extended Terminal Option (ETO) dynamic terminal feature for IMS/TM. Also announced in the second quarter was Snapshot Copy, an integrated feature of COPY PLUS V4.2 and EXTENDED BUFFER MANAGER (XBM) V1.2. A Snapshot Copy is a consistent, registered, DB2 image copy that is made while data is available to users for read and write purposes. This feature reduces the down time associated with making database copies from hours to potentially seconds. In addition, five new versions of existing mainframe products were released.

On the company's performance this quarter, Max Watson explained, "Our ability to deliver consistent quarterly revenue and earnings growth indicates that BMC Software has and will continue to be a leading provider of reliable, high-quality systems software to an ever-changing computing marketplace. Rapid customer acceptance of PATROL in the open systems market, as a product and as an underlying architecture for our client/server strategy, not only broadens our customer base, but also underscores the confidence and trust customers place in us. This confidence has put us on top of the competition, and we intend to stay there by continuing to meet and exceed customers' expectations."

One final note, David Farley, chief financial officer and vice president of finance for BMC Software announced his intention to leave the company and join XVT Software, Inc., a small, privately held software company. While at BMC Software, Farley established a solid framework and capable team of professionals who are prepared to continue the financial management of the company well into the future. On his tenure at BMC Software, David Farley commented, "In my 10 years at BMC, we built a very small, privately-held company with less than \$10 million in annual sales into an industry leader that is on track to produce over \$300 million in fiscal 1995 with record margins." He added, "XVT is approximately the size BMC was when I joined it in 1984, and I look forward to working again in an emerging growth environment."

BMC Software is a leading developer and vendor of systems software solutions that enable critical business processing. Headquartered in Houston, Texas, the company currently offers 60+ products worldwide that help manage, monitor and increase the efficiency of the servers, databases, applications and networks used most widely by Fortune 500 computing enterprises. These include leading UNIX hardware and software systems such as DEC, HP, SUN, Oracle, Sybase, Informix, Ingres and IBM mainframe subsystems. BMC Software is a member of Sun Microsystems Catalyst Program, Hewlett-Packard PA-RISC Developers Program, the Oracle Systems Management Tools Initiative (SMTI), NetView Association, IBM Business Partnership and other ISV relationships. -0-

NOTE TO ANALYSTS: BMC Software has scheduled a conference call for 4:00 p.m. CST today to discuss the second quarter results. Anyone interested in participating may call 415/904-7338.

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BMC SOFTWARE, INC. AND SUBSIDIARIES

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STATEMENTS OF EARNINGS  
(Unaudited)

Three Months Ended  
September 30,

	Fiscal 1995	Fiscal 1994	%Increase	
(In thousands, except per share data) (Decrease)				
Revenues:				
Licenses	\$ 45,957	\$ 38,245	20 %	
Maintenance	34,043	29,755	14 %	
	-----	-----		
Total revenues	80,000	68,000	18 %	
Selling and marketing expenses	20,181	18,450	9 %	
Research and development expenses	12,996	10,801	20 %	
Cost of maintenance services and product licenses	7,023	6,526	8 %	
General and administrative expenses	7,507	5,784	30 %	
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Operating income	32,293	26,439	22 %	
Other income	2,900	2,826	3 %	
	-----	-----		
Earnings before income taxes	35,193	29,265	20 %	
Income taxes	10,910	9,072	20 %	
	-----	-----		
Net earnings	\$ 24,283	\$ 20,193	20 %	
	=====	=====		
Earnings per share	\$ .96	\$ .77	25 %	
	=====	=====		
Shares used in computing earnings per share	25,295	26,354	(4)%	

BMC SOFTWARE, INC. AND SUBSIDIARIES  
STATEMENTS OF EARNINGS  
(Unaudited)

Six Months Ended  
September 30,

	Fiscal 1995	Fiscal 1994	% Increase
	----	----	(Decrease)
(In thousands, except per share data)			
Revenues:			
Licenses	\$ 90,268	\$ 74,572	21 %
Maintenance	67,732	58,428	16 %

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Total revenues	158,000	133,000	19 %
Selling and marketing expenses	40,649	35,156	16 %
Research and development expenses	26,915	22,735	18 %
Cost of maintenance services and product licenses	15,212	13,117	16 %
General and administrative expenses	13,701	12,096	13 %
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Operating income	61,523	49,896	23 %
Other income	5,700	5,371	6 %
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Earnings before income taxes	67,223	55,267	22 %
Income taxes	20,839	16,873	24 %
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Net earnings	\$ 46,384	\$ 38,394	21 %
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Earnings per share	\$ 1.82	\$ 1.46	25 %
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Shares used in computing earnings per share	25,497	26,367	(3)%
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BMC SOFTWARE, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

Sept. 30,    March 31,  
1994        1994

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(Unaudited)  
(In thousands)

ASSETS

Current assets:

Cash and cash equivalents	\$ 21,531	\$ 37,814
Marketable securities	36,624	42,455
Accounts receivable:		
Trade	63,295	57,711
Interest and other	4,610	3,479
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Total receivables	67,905	61,190
Prepaid expenses and other	3,078	2,688
Deferred income and other taxes	12,238	12,412
-----		
Total current assets	141,376	156,559
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Property and equipment, net	99,148	93,155
Software development costs, net of accumulated amortization	13,697	14,750
Purchased software, net of		

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accumulated amortization	6,851	8,230
Finance receivables	12,159	4,140
Marketable securities	156,993	138,654
Deferred charges and other assets	2,161	2,039

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\$432,385	\$417,527
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#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current liabilities:

Trade accounts payable	\$ 10,335	\$ 7,626
Treasury Stock Obligation	--	12,181
Accrued liabilities	24,719	24,046
Taxes payable	5,300	3,990
Current portion of deferred revenue	80,630	79,287

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Total current liabilities	120,984 127,130
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Deferred revenue and other	42,227	39,997
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Total liabilities	163,211 167,127
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##### Stockholders' equity:

Common stock	262	262
Additional paid-in capital	68,523	68,115
Retained earnings	265,334	218,950
Foreign currency translation adjustment	(703)	(911)

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333,416	286,416

Less treasury stock	59,004	31,306
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Less unearned portion of restricted stock compensation	5,238	4,710
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Total stockholders' equity	269,174 250,400
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\$432,385	\$417,527
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CONTACT: BMC Software, Inc., Houston  
John Cox, 713/918-8800 (investor relations)  
Lisa Cradit/Bill Courtney, 713/918-8800 (media relations)

LOAD-DATE: October 25, 1994