

ACI Worldwide, Inc. Reports Financial Results for the Quarter Ended March 31, 2008
 Thursday May 8, 7:30 am ET

OPERATING HIGHLIGHTS

- * Recurring revenue up \$4.1 million, or 8%, year over year
- * Generated \$11 million sequential rise in 12-month backlog, indicating that a larger number of contracts will be moving into current period GAAP earnings over the next 12 months
- * Large sales completed in both EMEA and Asia Pacific regions; large Thai banking customer purchased multiple wholesale products in an IBM System p environment

	Quarter Ended		
	March 31, 2008	Better / (Worse) March 31, 2007	
Operating Free Cash Flow (\$ Mil)	\$45.3	\$27.0	148%
60 month Backlog (\$Bil)	\$1.397	\$0.120	9%
Revenues (\$ Mil)	\$92.6	\$2.7	3%

NEW YORK, May 8, 2008 (PRIME NEWSWIRE) -- ACI Worldwide, Inc. (NasdaqGS: [ACIW](#) - [News](#)), a leading international provider of software for electronic payment systems, today announced financial results for the period ending March 31, 2008.

"The first quarter witnessed a renewed investment in product development and in services personnel to manage both the migration of customers to our latest BASE24(tm) offering as well as the implementation of the record new accounts we booked in prior quarters. We also saw the rate of increase of overall deferred revenue slow down, which would indicate that more of our deferred revenue is converting into current period GAAP earnings. The business itself reflected a steady and typical first quarter performance with a moderated pace of new sales after a healthy fourth quarter," said Chief Executive Officer Philip Heasley.

Notable new business during the quarter included:

- * EMEA: Added new BASE24-eps(tm) customer locations in Romania and Kyrgyzstan. Products selected across the region include BASE24(tm) combinations, the ACI Money Transfer System, and application infrastructure tools.
- * Asia: Bank and credit card customers added wholesale products including ACI Enterprise Banker, ACI Payments File Manager, Proactive Risk Manager, Trade Manager, NET24 XPNET and File Connect
- * Thailand: Kasikorn Bank purchased a global payment hub comprised of multiple products in an IBM environment
- * United States: A large supermarket chain purchased BASE24(tm) and Golden Gate.
- * Italy: A banking customer added BASE24-pos and Simulation Services for Enterprise Testing
- * 6 new customers signed, including new users of ACI Enterprise Banker, BASE24-eps(tm) and Proactive Risk Manager
- * 16 new applications added to existing customer relationships ranging from ACI Retail Commerce Server and Proactive Risk Manager for Enterprise Services to Simulation Services for Enterprise Testing

FINANCIAL SUMMARY

Operating Free Cash Flow

Operating free cash flow for the quarter was \$45.3 million compared to \$18.3 million for the March 2007 quarter. The rise in our operating free cash flow was due to the receipt of payments under the terms of the alliance agreement with IBM Corporation in the March 2008 quarter as compared to the same quarter in the year prior. Net operating free cash flow was \$9.1 million excluding a net IBM alliance payment of \$36.2 million. The year-over-year variance in operating free cash flow of \$9.2 million was comprised primarily of the addition of \$6.0 million of services personnel and related expenses in the geographic channels as well as \$2.2 million rise in distributor commissions and professional fees paid in the quarter.

Sales

Sales bookings in the quarter totaled \$63.8 million compared to \$125.5 million in the March 2007 quarter. The contraction in year-over-year sales is a consequence primarily of two sales types that totaled \$56.6 million of the variance: term extensions, which accounted for \$28.9 million, and new accounts/new applications sales, which accounted for a further \$27.7 million reduction over the

prior period. The two sales groups contracted for different reasons. The term extension reduction is a function of the timing of renewals of five-year contracts while the prior-year period saw the booking of much larger deals that had commensurately higher product sales components. In the combined new accounts/new applications category we sold smaller deals in the current period; this year our top five sales amounted to \$9.3 million in contrast to the prior year quarter in which we sold \$30.2 million of products. The contraction is due to the complexity of new multi-product deals, slower than usual customer approval processes, and our new focus on selling products in conjunction with IBM.

Backlog

As of March 31, 2008, our estimated 60-month backlog was \$1.397 billion compared to \$1.380 billion at December 31, 2007, and \$1.277 billion as of March 31, 2007. The sequential growth of \$17 million in our 60-month backlog was comprised primarily of EMEA growth due to positive foreign exchange translation of approximately \$12 million as well as higher sales bookings in the British Isles and Italy. As of March 31, 2008, our 12-month backlog was \$347 million, as compared to \$336 million for the quarter ended December 31, 2007, and \$307 million for the quarter ended March 31, 2007. The 12-month backlog was positively impacted by \$3 million of foreign exchange gain as well as a large transaction moving into the near-term period.

Revenues

Revenue was \$92.6 million in the quarter ended March 31, 2008, an increment of \$2.7 million or 3% over the prior-year period revenue of \$89.9 million. The increase was largely attributable to a rise of \$1.6 million in maintenance fees in the March 2008 quarter as compared to the March 2007 quarter. Our March 2008 GAAP revenue derived principally from our backlog; 89% derived from 12-month backlog whereas only 11% of the revenue was provided by current-period sales. Our monthly recurring revenue figure in the quarter of \$56.3 million, a rise of \$4.1 million over the prior-year quarter, also underscores the growth of the ratable and renewing portion of our business and a lessening of the significance of non-recurring license fee revenue.

Sequentially, our deferred revenue increased by \$12.9 million compared to a sequential increase of \$20.8 million in the March 2007 quarter while our year-over-year deferred revenue rose by \$33.9 million. The rise in sequential short-term deferred revenue from \$115.5 million to \$135.4 million signifies that some of our backlog is beginning to move closer to GAAP revenue recognition.

Operating Expenses

Operating expenses were \$93.1 million in the March 2008 quarter compared to \$89.7 million in the March 2007 quarter, an increase of \$3.4 million or 4%. Excluding the prior-year quarter's non-recurring expenses of \$5.9 million incurred in conjunction with our historic stock options review in 2007, operating expenses grew by \$9.3 million as a result of the following variances: a rise of \$4.6 million in services personnel and related costs, \$2.2 million rise in distributorship commissions related to mix of sales as well as external professional fees, \$0.5 million investment in our retail on-demand product, \$0.9 other general and administrative costs, and \$1.1 million in acquisition expenses specific to Stratasoftware and Visual Web.

Other Income and Expense

Other expense for the quarter was \$1.0 million, compared to other expense of \$0.9 million in the March 2007 quarter. The increase in other expense in the quarter resulted from the reduction of cash and cash equivalents due to funding of our share repurchase program, which also impacted interest income received, and from interest expense paid on the outstanding credit facility. The \$3.7 million FAS 133 non-cash loss on our interest rate swaps was offset by a gain of \$3.7 million on foreign exchange.

Taxes

Income tax expense in the quarter was \$2.0 million due to losses in tax jurisdictions for which we received no tax benefit offset by income in tax jurisdictions in which we accrued tax expense. Furthermore, as mentioned in previous quarters, the company continues to incur a fixed amortization charge of \$0.6 million per quarter related to the transfer of intellectual property outside the United States.

Net Income (Loss) and Diluted Earnings Per Share

Net loss for the quarter was \$3.5 million, compared to net loss of \$0.4 million during the same period last year.

Earnings (loss) per share for the quarter ended March 2008 was \$(0.10) per diluted share compared to \$(0.01) per diluted share during the same period last year. The year-over-year quarterly change is primarily due to the following factors: positive variance of \$0.10 due to lack of historic stock option review fees in 2008, \$0.07 variance driven by foreign currency gain in the March 2008 quarter versus a loss in prior year and \$0.04 rise in organic revenue, offset by a negative variance of \$0.15 in organic operating expenses, \$0.07 in a non-cash loss on our interest rate swaps and \$0.07 due to the 2008 tax expense.

Weighted Average Shares Outstanding

Total weighted average shares outstanding were 35.2 million for the quarter ended March 31, 2008 as compared to 37.2 million shares outstanding for the quarter ended March 31, 2007. During the quarter, we repurchased 1,639,755 shares at an average price of \$18.33 in the quarter.

Table 1: Reconciliation of Operating Free Cash Flow (millions)

Quarter Ended March 31,	

2008	2007

Net cash provided by operating activities	\$46.5	\$16.3
One-time items:		
Net after-tax cash payments associated with early termination of Watford facility lease	0.6	0.0
Net after-tax cash payments associated with stock option cash settlement	0.0	2.7
Net after-tax cash payments associated with Restructuring and Other Emp. Related Actions	0.5	0.7
Less capital expenditures	(2.6)	(1.4)
Less alliance technical enablement expenditures	(0.9)	0.0
Net proceeds from alliance agreement	1.2	0.0
Operating Free Cash Flow	\$45.3	\$18.3
Net ACI Organic cash flows	9.1	18.3
Net IBM proceeds & enablement cash flows	36.2	0.0
Operating Free Cash Flow	\$45.3	\$18.3

Table 2: Backlog 60-Month (millions)

	Quarter Ended		
	March 31, 2008	Dec. 31, 2007	March 31, 2007
Americas	\$ 724	\$ 733	\$ 692
EMEA	522	504	457
Asia/Pacific	151	143	128
Backlog 60-Month	\$1,397	\$1,380	\$1,277
ACI Deferred Revenue	156	143	122
ACI Other	1,241	1,237	1,155
Backlog 60-Month	\$1,397	\$1,380	\$1,277

Table 3: Revenues by Channel (millions)

	Quarter Ended March 31,	
	2008	2007
Revenues:		
United States	\$32.7	\$39.8
Americas International	11.3	12.8
Americas	\$44.0	\$52.6
EMEA	37.3	28.7
Asia/Pacific	11.3	8.6
Revenues	\$92.6	\$89.9

Table 4: Monthly Recurring Revenue (millions)

	Quarter Ended March 31,	
	2008	2007
Monthly license fees	\$16.8	\$15.2
Maintenance fees	31.5	29.9
Processing Services	8.0	7.1
Monthly Recurring Revenue	\$56.3	\$52.2

Table 5: Deferred Revenue (millions)

	Quarter Ended			
	March 31, 2008	Dec. 31, 2007	March 31, 2007	Dec. 31, 2006
Acquisitions	\$ 1.9	\$ 2.0	\$ 0.7	\$ 0.0

ACI Organic	133.5	113.5	95.7	78.5
Short Term Deferred Revenue	\$135.4	\$115.5	\$ 96.4	\$ 78.5
Acquisitions ACI Organic	\$ 0.0 20.3	\$ 0.0 27.3	\$ 0.0 25.3	\$ 0.0 22.4
Long Term Deferred Revenue	\$ 20.3	\$ 27.3	\$ 25.3	\$ 22.4
Total Deferred Revenue	\$155.7	\$142.8	\$121.7	\$100.9

Table 6: Deferred Expenses (millions)

	Quarter Ended			
	March 31, 2008	Dec. 31, 2007	March 31, 2007	Dec. 31, 2006
Acquisitions ACI Organic	\$ 0.1 12.3	\$ 0.1 11.3	\$ 0.0 5.9	\$ 0.0 5.9
Total Deferred Expenses	\$ 12.4	\$ 11.4	\$ 5.9	\$ 5.9

Table 7: Organic versus Acquisition Comparisons (millions)

	Year over Year Increase/ Decrease in Revenue	Year over Year Increase/ Decrease in Op. Expenses	Dec-Mar y-o-y Quarterly Movement in Deferred Revenue	Dec-Mar y-o-y Quarterly Movement in Deferred Expense
2007 Quarter	\$ 89.9	\$ 89.7	\$ 20.8	(\$0.0)
Organic Acquisitions	\$ 1.9 0.8	\$ 8.1 1.2	(\$7.1) (0.8)	1.0 0.0
Stock Options (Prof. Fees & Vested Shares)	--	(5.9)	--	--
Net Change	\$ 2.7	\$ 3.4	(\$7.9)	\$ 1.0
2008 Quarter	\$ 92.6	\$ 93.1	\$ 12.9	\$ 1.0

Table 8: Acquisition Intangibles & Software, Non-cash equity based compensation and non-recurring items (millions)

	Quarter Ended March 31,			
	2008		2007	
	EPS Impact*	\$ in Millions (Net of Tax)	EPS Impact*	\$ in Millions (Net of Tax)
Non-recurring items				
Stock options (Prof. Fees & Vested Shares)	\$ 0.00	\$ 0.0	\$ 0.10	\$ 3.9
Non-recurring items	\$ 0.00	\$ 0.0	\$ 0.10	\$ 3.9
Amortization of acquisition-related intangibles & software	0.05	1.9	0.05	1.8
Non-cash equity-based compensation	0.05	1.7	0.03	1.1
Total:	\$ 0.10	\$ 3.6	\$ 0.18	\$ 6.8

* Tax Effectuated at 35%

Table 9: Other Income (Expense) (millions)

	Quarter Ended			
	March 31, 2008	Dec. 31, 2007	March 31, 2007	Dec. 31, 2006

Interest Income	\$ 0.6	\$ 0.8	\$ 1.0	\$ 0.9
Interest Expense	(1.4)	(1.4)	(1.6)	(1.5)
FX Gain / Loss	3.7	1.9	(0.3)	(0.6)
SFAS 133	(3.7)	(2.5)	0.0	0.0
Other	(0.2)	0.2	(0.0)	0.3

Total Other Income (Expense)	(\$1.0)	(\$1.0)	(\$0.9)	(\$0.9)

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited and in thousands)

	March 31, 2008	Dec. 31, 2007	March 31, 2007	Dec. 31, 2006
	-----	-----	-----	-----
ASSETS				
Current assets				
Cash and cash equivalents	\$108,667	\$ 97,011	\$ 95,963	\$ 89,900
Billed receivables	88,203	87,932	75,068	65,402
Accrued receivables	8,927	11,132	11,332	13,593
Deferred income taxes, net	5,827	5,374	4,575	2,441
Recoverable income taxes	4,337	6,033	5,825	--
Prepaid expenses	10,231	9,803	8,487	8,010
Other current assets	11,078	8,399	9,180	12,353
	-----	-----	-----	-----
Total current assets	237,270	225,684	210,430	191,699
	-----	-----	-----	-----
Property, plant and equipment, net	19,282	19,503	18,869	18,899
Software, net	30,960	31,430	32,760	32,990
Goodwill	209,952	206,770	201,360	193,927
Other intangible assets, net	36,964	38,088	41,050	41,338
Deferred income taxes, net	33,940	31,283	16,126	17,517
Other assets	16,347	17,700	12,791	13,106
	-----	-----	-----	-----
TOTAL ASSETS	\$584,715	\$570,458	\$533,386	\$509,476
	=====	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities				
Accounts payable	\$ 12,911	\$ 16,351	\$ 10,806	\$ 12,465
Accrued employee compensation	21,150	22,659	21,447	17,242
Deferred revenue	135,398	115,519	96,402	78,497
Income taxes payable	--	--	--	--
Alliance agreement liability	7,552	9,331	--	--
Accrued and other current liabilities	21,119	22,992	16,761	16,737
	-----	-----	-----	-----
Total current liabilities	198,130	186,852	145,416	124,941
	-----	-----	-----	-----
Deferred revenue	20,258	27,253	25,343	22,414
Note payable under credit facility	75,000	75,000	75,000	75,000
Deferred income taxes, net	3,012	3,245	--	--
Alliance agreement noncurrent liability	38,259	--	--	--
Other noncurrent liabilities	37,635	37,069	16,721	16,755
	-----	-----	-----	-----
Total liabilities	372,294	329,419	262,480	239,110
	-----	-----	-----	-----
Commitments and contingencies				
Stockholders' equity				
Preferred Stock	--	--	--	--
Common stock	204	204	204	204
Common stock warrants	24,003	24,003	--	--
Treasury stock	(161,995)	(140,320)	(97,768)	(97,768)

Additional paid-in capital	306,143	311,108	309,445	309,086
Retained earnings	44,426	47,886	64,564	64,978
Accumulated other comprehensive loss	(360)	(1,842)	(5,539)	(6,134)
	-----	-----	-----	-----
Total stockholders' equity	212,421	241,039	270,906	270,366
	-----	-----	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$584,715	\$570,458	\$533,386	\$509,476
	=====	=====	=====	=====

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited and in thousands, except per share amounts)

	Three Months Ended March 31,	
	2008	2007
	-----	-----
Revenues:		
Software license fees	\$ 39,098	\$ 38,524
Maintenance fees	31,473	29,901
Services	22,020	21,523
	-----	-----
Total revenues	92,591	89,948
	-----	-----
Expenses:		
Cost of software license fees	12,491	11,193
Cost of maintenance and services	28,629	23,351
Research and development	12,553	12,041
Selling and marketing	16,750	16,799
General and administrative	22,680	26,353
	-----	-----
Total expenses	93,103	89,737
	-----	-----
Operating income (loss)	(512)	211
Other income (expense):		
Interest income	593	1,014
Interest expense	(1,366)	(1,597)
Other, net	(190)	(337)
	-----	-----
Total other income (expense)	(963)	(920)
	-----	-----
Loss before income taxes	(1,475)	(709)
Income tax expense (benefit)	1,985	(295)
	-----	-----
Net loss	\$ (3,460)	\$ (414)
	=====	=====
Loss per share information		
Weighted average shares outstanding		
Basic	35,165	37,162
Diluted	35,165	37,162
Loss per share		
Basic	\$ (0.10)	\$ (0.01)
Diluted	\$ (0.10)	\$ (0.01)

ACI WORLDWIDE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited and in thousands)

	For the Three Months Ended March 31,	
	2008	2007
	-----	-----
Cash flows from operating activities:		
Net loss	\$ (3,460)	\$ (414)
Adjustments to reconcile net loss to net cash flows from operating activities		
Depreciation	1,576	1,460
Amortization	3,809	3,622

Tax expense of intellectual property shift	590	478
Amortization of debt financing costs	84	84
Gain on reversal of asset retirement obligation	(949)	--
Loss on disposal of assets	218	9
Change in fair value of interest rate swaps	3,689	--
Deferred income taxes	(3,003)	(1,825)
Stock-based compensation expense	2,552	1,664
Tax benefit of stock options exercised and cash settled	40	740
Changes in operating assets and liabilities, net of impact of acquisitions:		
Billed and accrued receivables, net	3,215	(5,806)
Other current assets	(2,700)	520
Other assets	668	(168)
Accounts payable	(3,793)	(2,473)
Accrued employee compensation	(1,825)	2,040
Proceeds from alliance agreement	36,087	--
Accrued liabilities	(4,264)	1
Current income taxes	1,536	(3,340)
Deferred revenue	12,400	19,693
Other current and noncurrent liabilities	54	(17)
	-----	-----
Net cash flows from operating activities	46,524	16,268
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment	(1,465)	(1,004)
Purchases of software and distribution rights	(1,127)	(340)
Alliance technical enablement expenditures	(943)	--
Acquisition of businesses, net of cash acquired	(13)	(8,165)
Proceeds from alliance agreement	1,246	--
	-----	-----
Net cash flows from investing activities	(2,302)	(9,509)
	-----	-----
Cash flows from financing activities:		
Proceeds from issuance of common stock	639	--
Proceeds from exercises of stock options	382	--
Excess tax benefit of stock options exercised	28	--
Purchases of common stock	(30,064)	--
Payments on debt and capital leases	(791)	(472)
	-----	-----
Net cash flows from financing activities	(29,806)	(472)
	-----	-----
Effect of exchange rate fluctuations on cash	(2,760)	(224)
	-----	-----
Net increase in cash and cash equivalents	11,656	6,063
Cash and cash equivalents, beginning of period	97,011	89,900
	-----	-----
Cash and cash equivalents, end of period	\$108,667	\$ 95,963
	=====	=====
Supplemental cash flow information		
Income taxes paid, net	\$ 3,407	\$ 3,571