



Jack Henry & Associates Posts 12th Consecutive Year And Fourth Quarter Record Revenues, Profits & EPS

Monett, MO -- July 23, 2001. Jack Henry & Associates, Inc. (Nasdaq: JKHY) today reported record revenues, earnings, and earnings per share from continued operations for the twelfth consecutive year. For the fiscal year ended June 30, 2001, revenues jumped 53%, earnings rose 62%, and earnings per share increased 51%. Technology solutions continue to be a priority capital investment for financial institutions, and Jack Henry & Associates continues to capture its share of those dollars nationwide.

Income from continuing operations for fiscal 2001 increased 62% to \$55.6 million or \$0.61 per diluted share on revenues that increased 53% to \$345.5 million. In the fiscal year ended June 30, 2000, income from continuing operations was \$34.4 million or \$0.40 per diluted share on revenues of \$225.3 million. Prior period numbers have been adjusted for stock splits and pooling transactions. Fiscal 2001 also reflects the 1.5 million shares issued in a secondary offering in August 2000.

"Demand for our integrated suite of banking and credit union solutions remains robust across the board, led by very strong interest in our imaging solutions and outsourcing offerings," stated Michael E. Henry, Chairman and CEO. "The efficiencies provided by image technology make this solution particularly attractive for bankers seeking to improve productivity. Also, our expanded outsourcing network is paying nice dividends."

The company also reported record results for the fourth quarter. Revenues increased 37% to \$94.9 million compared to \$69.4 million in the fourth quarter a year ago. Net income grew 36% to \$15.5 million or \$0.17 per diluted share, compared to \$11.4 million or \$0.13 per diluted share in the fourth quarter of fiscal 2000. "The fact that all our products are fully integrated, allowing flexibility in deployment and seamless connectivity, has been a real plus for our sales efforts. We are finding these benefits particularly attractive to larger institutions, thereby improving our competitive position," stated Terry W. Thompson, President.

Non-hardware revenues, which includes software licensing and installation, maintenance/support and services, increased 53% to \$235.4 million and accounted for 68% of FY'01 revenues, compared to \$155.2 million or 69% of revenues in FY'00. In the fourth quarter, non-hardware revenues increased 30% to \$64.2 million, or 68% of revenue, compared to \$49.5 million or 71% of revenues in 4Q'00. Gross margin on non-hardware revenues was 50% for FY'01 and 51% in the fourth quarter compared to 51% and 57%, respectively, for the same periods a year ago. "The current year and quarter reflect the impact of the June 2000 acquisition of Symitar, an operation which historically had lower margins. Since our acquisition of the company, that unit's margins have improved and continue to improve," added Thompson.

Hardware sales were especially strong in the fourth quarter primarily due to continued demand for imaging solutions and new system installations for credit unions. Hardware sales rose 55% to \$30.7 million, accounting for 32% of total fourth quarter revenues compared to \$19.9 million and 29% of revenues in the fourth quarter of fiscal 2000. Fiscal 2001 hardware sales increased 57% to \$110.1 million, or 32% of revenues, compared to \$70.1 million, or 31% of total revenues in FY'00. Gross margin on hardware revenues was 31% for FY'01 and 31% in the fourth quarter compared to 27% and 24%, respectively, for the same periods in fiscal 2000.

Overall gross margin was 44% of total revenues in both fiscal 2001 and 2000. In the fourth quarter overall gross margin was 45% compared to 48% in the fourth quarter a year ago due to the Symitar acquisition. Gross profit improved 55% to \$151.6 million for FY'01, and fourth quarter gross profit was up 29% to \$42.5 million.

"As in the past, our gross margin varies from quarter to quarter depending on the mix of business, because profitability varies between product areas and even within product lines. This quarter's results perfectly illustrate the impact of the revenue mix on our gross margin. Over the course of a year, however, our margins tend to even out. We are very pleased with gross margins in the mid-40's, and believe our profitability levels, on a fiscal basis, should improve in the future," stated Kevin D. Williams, Treasurer and CFO.

Operating expenses for FY'01 were \$65.9 million, a 40% increase above last year reflecting the increased overhead from additional resources for overall growth and acquisitions made during the prior year. Fourth quarter operating expenses increased 23% to \$18.7 million. "The productivity of our people remains very high and their dedication to our customers is one of our competitive advantages in the technology sector," stated Thompson.

Operating income increased 68% to \$85.7 million in fiscal 2001 and improved 34% to \$23.9 million in the fourth quarter. Pre-tax margins were 26% for the quarter and 25% for the year, compared to 25% in 4Q'00 and 23% in FY'00.

The balance sheet remains strong with virtually no long-term debt. "We ended the year with continued growth in our backlog and deferred revenues, both measures of future business," noted Williams. Deferred revenue increased 33% to \$95.0 million at June 30, 2001 from \$71.5 million at June 30, 2000. Backlog increased to \$127.1 million at the end of the quarter compared to \$124.0 million at March 31, 2001 and \$104.4 million at June 30, 2000. The backlog for in-house products and services totaled \$49.5 million and outsourcing backlog was \$77.6 million at the year-end compared to \$43.0 million and \$61.4 million, respectively at June 30, 2000.

Jack Henry & Associates, Inc. provides integrated computer systems and processes ATM and debit card transactions for banks and credit unions. Jack Henry markets and supports its systems throughout the United States and has over 2,800 customers nationwide. For additional information on Jack Henry, visit the company's web site at www.jackhenry.com.

The Company will host a conference call today to discuss fourth quarter and fiscal year results at 7:45 a.m. CDT. The call can be accessed live and for one week thereafter at www.streetfusion.com.

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Statements made in this news release that are not historical facts are forward-looking information. Actual results may differ materially from those projected in any forward-looking information. Specifically, there are a number of factors that could cause actual results to differ materially from those anticipated by any forward-looking information. Additional information on these and other factors which could affect the Company's financial results are included in its Securities and Exchange Commission (SEC) filings on Form 10-K and its registration statement filing of August 11, 2000. Potential investors should review these statements. Finally, there may be other factors not mentioned above or included in the Company's SEC filings that may cause actual results to differ materially from any forward-looking information.